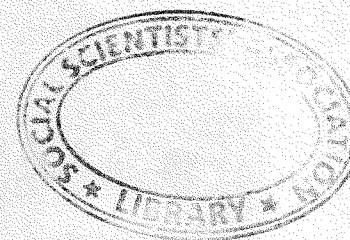


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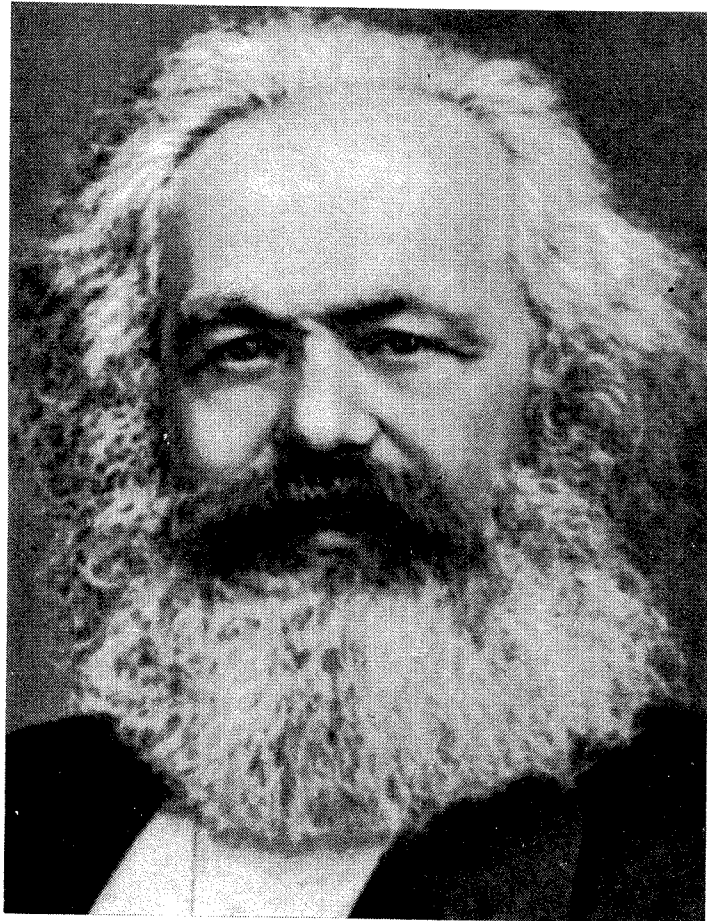
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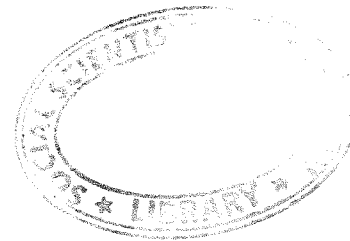
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Contents



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	Page
Introduction	7
Section 1: Commodity and Money	12
Section 2: The Transformation of Money into Capital	26
Section 3: Production of Absolute Surplus Value.....	34
Section 4: Relative Surplus Value	45
Section 5: The Method of Producing Relative Surplus Value..	49
Section 6: Accumulation of Capital	67
Section 7: Wages	87
Section 8: Wages Struggle and the Struggle Against the System of Wage Labour.....	109



Preface



Originally written collectively by a group of students in West Berlin, this text was first published in English in mid-1971. The need for a text of this kind was demonstrated by the rapidity with which the first limited, duplicated edition sold out. It is broadly based on the first Volume of Marx's "Capital" and aims to explain the basic concepts of Marxist Economics in as simple a fashion as possible. It is designed to serve as a text for discussion by educational circles. Numerous improvements have been already made to the text as a result of its use in this way and doubtless many more could be made. Any comment or suggested improvement will be gratefully received and should be sent to Daniel Rose, c/o I.M.G., Economics Commission, 182 Pentonville Road, London N.1.

Any enquiries regarding distribution should be sent to I.M.G. Publications at the same address.

Translation: Helga Woggan

Design: A. Vargo

Introduction

1. Payday

On payday every worker receives his wages for the work he did during the week. If he gets time-wages, he is paid for every hour according to a fixed wage-scale; if he does piecework, he gets the corresponding piece-wages for every perfectly made piece. If he works overtime as well, he gets extra pay for that. Thus obviously wages are the price the employer pays to the employee according to the amount of his work. The more work the employee has done, the more money he receives.

The weekly wage is spent again. Everyone has certain wants: food, clothing and housing. Finally, nowadays, a car, a washing-machine and a television set are part of the most basic needs. But these needs can only be satisfied with money. In our society everything has its price. There is a meaning in the saying: "Money rules the world". But a worker has no large bank account, and only very few can win the pools or make money gambling and betting; normally a worker has only got his wages which are quickly spent. Everyone who goes shopping in a supermarket, for example, knows that. The products he finds there are *commodities*. Commodities have to be bought. This seems to be quite logical, for the commodities which the worker wants to satisfy his needs belong to the employer who has sold them to the supermarket.

Why should this be the case, though? Why do the commodities belong to the employer? Everything we can buy there is produced by the workers, after all! Why is it that the employer gives the workers only "wages" while making the products of the employee's work his own? We have to look at the problem more closely and try to find an answer to this question.

The relation work—payday—spending of money can be expressed by a

short formula: the worker expends labour (L), he is paid his wages in the form of money (M), with which he buys the things he needs to maintain himself and his family. These things are commodities (C). The complete formula can be shown thus:

L—M—C

At the end of the movement from L to C the worker's weekly wages are spent on goods by which the family is kept alive (understood in the broadest sense). Now the same movement must be repeated, the worker has to work again, thus always L—M—C, L—M—C, round and round. It is no longer clear if he works to live or whether he only lives in order to work.

At least when his wages are gone, the worker realises that basically he has nothing at all—except his labour—for the commodities he had bought are gone as soon as they are eaten, worn out or broken, or have to be replaced by new things. The only really lasting possession he has got is his labour. But what does that mean: labour?

In times of economic crises many workers have not even got a job, they are unemployed, without labour. When the worker has got no job, he cannot use his labour at all, he cannot earn any money. Therefore the expression "The worker possesses his labour" is not quite exact. He only owns his *labour-power*, that means he possesses the *ability to work*. But this ability can become concrete, can materialise, only when he is given a job by an employer. Only then can his labour-power result in something—his wages. In order to receive wages without interruption, the worker has to sell his labour-power to the employer again and again, every hour, every day, every week, for ever. A thing which is bought and sold, however, is called a commodity.

The labour-power of the worker is itself a commodity which is bought and sold on the market ("labour exchange"). Once the employer has bought the commodity "labour-power", it belongs to him, just like any other commodity belongs to the buyer. What does the buyer do with his commodity then? He uses it, consumes it, like a bottle of beer is consumed. The labour-power commodity which the employer bought is consumed as well; he puts it to work at a machine where it is consumed, used up.

We are often told that it is the employers who give work to the workers and, therefore, the workers should be grateful to them. We have already seen, however, that this is not really true. The employer only gives the worker the place of work (that is because he owns the means of production). But actually it is the worker who gives his work to the employer, who just takes it, buys it and uses it in his labour process. The employer aims to make full use of the labour power. Why? Everyone knows that employers make profits. We will go into more detail on the origin of this profit later on but we can already give a general answer to this question—it comes from the exploitation of labour-power. The things which the worker produces during the production process are of more value than the amount the employer has spent on wages and means of production. On payday, therefore, the worker does not receive wages equivalent to the work that he's done, i.e. a sum of money equal to the value of the products. He only gets the equivalent of *the value of his labour-power*, the sum for which

the employer bought him on the labour-market. It only *appears* as if the worker gets paid for his *actual work*, whereas really he just gets the value of his labour power.

2. What is Science?

The conclusion to be drawn from the above analysis is that in our society, not everything *is* as it *seems*. This sounds confusing, but basically we have done nothing else but reproduce a piece of Marxist analysis. To understand the basic structure of a social relationship *scientifically*, we cannot really on the common-sense (everyday) way of thinking. We can illustrate this idea by a very simple example from natural science: every morning the sun rises and every evening it sets. This is at least how it appears and from this appearance people for thousands of years drew the conclusion that the earth was the fixed centre of the universe, around which the sun and all the other stars revolved. It was only in modern times that the astronomers Copernicus, Kepler and Galileo proved the appearance wrong. Since then we know that it is the earth which moves round the sun and which itself revolves giving the appearance of day and night. In this case natural science clarified a fact which was hidden from everyday thinking till then, a law which existed invisibly behind the appearances but which was nevertheless the true reason for these appearances which were explained wrongly for such a long time.

Certainly natural laws cannot be made equivalent to those laws inherent in human society. Nevertheless, there are hidden laws, too, of human social life. They are not to be seen at first sight, which means they have to be investigated. Marx himself once made this comparison with natural laws, when he wrote about competition in capitalist economy: "A scientific analysis of competition is not possible before we have a conception of *the inner nature* of capital, just as *the apparent motions* of the heavenly bodies are not intelligible to any but him, who is acquainted with their *real motions*, motions which are not directly perceptible by the senses." (*Capital*, Vol. I, p. 316—all further quotations unless otherwise stated refer to the paperback edition from Lawrence & Wishart, London, ed. Friedrich Engels, translated by S. Moore and E. Aveling—first print of this edition of 1970).

Science studies the "inner nature" and the "real motions" of a thing. It doesn't stop with the perceptible motion, with mere contemplation, but it wants to comprehend the real connection which is hidden behind the outward appearance. To comprehend a social fact means to recognise its *real* character. To achieve this understanding it is not enough just to describe these facts. You have to comprehend the inner connections and study their function in the complete system. The difference between "description" and "comprehension" becomes clear when you open a newspaper. You read a muddle of "facts" there. Of course, it is the same with radio—and television—programmes. Immediately after the news we can hardly remember all the reported facts. All the unrelated confusing stuff does not stay in our memory, because we cannot really comprehend

it. And, of course, it is not the aim and function of the mass media in capitalism to make anything clear to the population. The manifold outward appearances are never explained in their historical and social context. Thus science is different from this sort of "information" by its very method. But there are two different approaches towards science—the Marxist and the bourgeois one. We have already seen that Marxist economy wants to analyse the inner connections of capitalism—whereas bourgeois economy only describes uncomprehended appearances. It does not therefore differ basically from the journalism criticised above.

The workers have no interest in disguising economic laws which they are subject to every day. They are interested in the real analysis of capitalist society, for we have to understand what we want to change. Karl Marx was the first to try and formulate a science useful to revolutionary practice, when he wrote in 1845: "The philosophers have only interpreted the world in different ways, the point is to change it."

3. The Scientific Method of Marxism

Karl Marx lived from 1818 to 1883. The first volume of his main work *Das Kapital* was published in 1867, more than 100 years ago. Immediately bourgeois ideologists raise the question: is this 100-year-old book of any use at all nowadays? Doesn't Marx describe a social situation long since past? Aren't the workers today much better off than in the 19th century? And finally: does exploitation still exist today?—And straight away they know the answer: there is no exploitation any more, for the workers are obviously far better off than before. But as we know already, Marx does not simply *describe*, he *analyses*; the *outward appearance* must be distinguished from the *inner nature*, the essence. The worker has a higher "standard of living" today—but this does not change the fact that he is still a wage-labourer. And this is the *essence*. For the system of wage-labour is exactly the exploitation of labour-power by the capitalist. This makes it clear that the *inner nature* of capitalism has not changed since the days of Marx. It is only the *form* in which it appears today that has changed.

Therefore it is just as necessary to study *Capital* today as it was 100 years ago!

The advantage of the Marxist analysis—that it explains the basis of the capitalist mode of production—causes the reader many difficulties, however. Every worker or student who wants an answer to a *certain, concrete* question and who starts to read *Capital* will be disappointed, if he is not familiar with Marx's *method*. You want to know something about piece-work or a cyclical crisis of the economy—but you read something instead about "use-value" and "exchange-value" and the strange relation between 10 yards of linen and a coat. Marx himself said in his Preface: "Every beginning is difficult; this holds in all sciences. To understand the first chapter, especially the section that contains the analysis of commodities, will therefore present the greatest difficulty." (*Capital*, Vol. 1, p. 7).

This difficulty is due to the fact that Marx tries to explain systematically the basic concepts for his whole analysis of capital. And by explaining systematically Marx means that he does not just enumerate the concepts

one after the other, but he *develops them one out of the other*. Thus Marx does not explain the concept of "commodity"—which is at the beginning of his analysis—as a thing which can be defined once and for all. A commodity has a *use-value*, but it also has an *exchange-value*. From the relation between use-value and exchange-value Marx develops the necessity of money. Everyone knows that commodities are bought with money. Commodity and money belong together somehow, for they are exchangeable for each other. But why? This is what Marx analyses by showing their inner connection. It is only after this that he can develop the concept of capital. We can see from this succession: commodity—money—capital: that we must first study the analysis of the commodity and of money before we can comprehend the capitalist relations of production that are based on the former.

This method of analysis Marx called the "upward movement from the abstract to the concrete". He begins with the most general abstract concept (commodity) and develops it further to the complicated concrete (capital and its contradictions). Thus if you want an answer to concrete questions from Marx, you have to make the effort of starting with the abstract concepts and of following their further development step by step.

Section 1: Commodity and Money

1. The General Basis of Commodity-Producing Society

We want to examine the general economic and social foundations of today's bourgeois society. "Society" means that human beings are living together in one form or the other. In order to keep themselves alive they have to do three things:

1. They have to *produce* the things they need by their own labour, with their strength, i.e. with their own muscles, and with auxiliaries like tools and machines acting upon certain things and thus creating products.
2. In some form or other they *distribute* the products of their labour among one another.
3. The individual members of the society *consume* the distributed products according to their *needs*.

In what way does all this happen in bourgeois society? How do the people in this particular type of society provide for their living? To be able to answer these two questions, we have to analyse the relations of bourgeois production, i.e. analyse *how* things are produced in this society.

The mass of people in bourgeois society are *wage-labourers*. They work under conditions which they cannot control. They have a place of work and are employed. But the only thing they possess is their labour-power. The means of production as well as the products they produce belong to other people, to the employer, or more correctly, to the *capitalist*. The relation between capitalist and wage-labourer is exactly what we are concerned with. Before we can understand this relationship, it is necessary to explain the *general* character of the bourgeois mode of production. *Bourgeois society is a society that produces commodities*. The relation of wage-labour and capital becomes clear only in the light of this general

quality, characteristic of the present mode of production. Therefore in this first section we examine bourgeois society with regard to the production of commodities, not taking into account for the moment the relation of wage-labour and capital.

a. Private property

Commodity production is a form of production pursued by independent private producers who *own* their labour-power, their means of production and the products resulting from their work. The products they possess are the result of their own work: because Farmer X has sown and harvested the corn, it belongs to him, but this is only the case because he owns his means of production including the land, as well. Thus it is through private ownership of the means of production that in commodity-producing society private individuals own the products of their labour.

b. Division of labour

A further precondition which characterises this society, apart from private property, is the social *division of labour*. The individual does not produce everything required for his livelihood. The individual does not do all the different jobs necessary to satisfy his manifold needs (for food, clothing, housing, means of production, etc.). On the contrary: the *many-sidedness* of wants of every single individual in commodity-producing society contrasts with the *one-sidedness* of his job. Everyone produces something different from everyone else. The individual has only got *one* job. He is either a farmer or a baker, a carpenter or a bricklayer, a mechanic or an engineer. He never does all the jobs at the same time. Thus he can only exist if he can get the products of other people's work as well. Because people in this society have a particular job, they are *dependent on one another*. This is the result of the division of labour within commodity production.

c. Exchange (barter)

The products made in the various jobs have to be distributed. The *form* of distribution in commodity-producing society is determined by the fact that production is in the hands of private producers. Private people produce independently of one another. They do not meet in order to plan and control their production. This would be the case if they kept records of the entire production, and if they consciously organised the distribution of products. Then, however, their relationship would not be that of private producers. The private producer of commodities only controls his own production. A dressmaker accurately disposes of his time, knowing how long and how much he has to work and what materials he needs. But his power does not go beyond the four walls of his workshop. If he wants to get bread, he has to go to the market. There he can get bread and whatever else he needs—though he will only get all this in *exchange* for his own products.

Private producers exchange their products. In commodity-producing society the distribution of products takes place *in the form of exchange*. This society is—as seen from the viewpoint of distribution of products—a *market society*. The exchange of the products is the necessary condition

for keeping everyone alive within this society. Every single individual is dependent on the products of others which he can only get through exchange for his own products.

Private property, division of labour, and exchange are basic to commodity-producing society. These three things arrange the production and consumption for the individuals in the society. The products made by private producers are produced for exchange from the very beginning. They are not consumed by their producers but by those who purchase them through exchange. This type of product is called a *commodity*. Only products made by private labour separately and independently of others are commodities, and face each other as commodities during the exchange. A product of labour becomes a commodity *only* under the social conditions of private property, division of labour, and exchange. If these three conditions do not exist, a product cannot be called a commodity.

Knowing the three general preconditions for the bourgeois market-society, we can say that on the one hand the members of this society live completely separated from each other because of private property. But on the other hand they are all dependent on one another because of the division of labour, i.e. because everyone needs the products of others for his living. Private owners, however, enter a social relationship with each other only when they exchange their commodities. At this time they don't meet as people interested in each other as human beings, but as owners of commodities; *they only relate their commodities with those of the others*, and it is only in this roundabout way that they get in touch with one another. Therefore when buying and selling commodities they are completely unconcerned about each other as human beings. It is all the same to the owner of a cigarette shop who actually buys cigarettes in his shop. As a customer everyone is equal, everyone pays the same. On the other hand it is all the same to the buyer of cigarettes, as well, in which shop he actually buys cigarettes. The best way is to get them from a slot-machine, in order to spare him and the shopkeeper the use of those silly relics of small talk like "Yes, dear" and "Thank you, love."

In these unconcerned phrases of politeness we can see clearly how people in a bourgeois society remain strangers to each other, even in their social contacts. Therefore, as Marx writes, to the private producers of commodities "the relations connecting the labour of one individual with that of the rest appear not as direct social relations between individuals at work, but as what they really are, *material relations between persons and social relations between things*." (*Capital*, Vol. 1, p. 73).

2. The Commodity

a. Use-Value

Use-values have different qualities

At first sight, the single commodity appears as an object with very concrete characteristics; its natural qualities like material, form, colour, size, weight, etc. distinguish it from other commodities. As we said above, he who purchases the commodity through exchange consumes it. He does this because its specific natural character is *useful* to him. The usefulness of a

thing turns it into a *use-value*. The use-value of a commodity is determined by the utility it has for its consumer. The respective human *need* decides whether or not a commodity is consumed. Therefore we can say with regard to the use-value, commodities are different from each other; they have different, *non-equal qualities*. To every specific need corresponds a commodity with specific characteristics. Commodities are exchanged only because their use-values have different qualities.

b. In exchange commodities have the same quality

Commodities that are exchanged differ from each other—they have different use-values. Exchange, however, means *identification*. If I exchange two chairs for one coat, because being a joiner I only produce chairs, but I need a coat for the winter, then I identify the product of my work as a joiner—i.e. the two chairs—with the coat that I want to purchase. When things are made equivalent, it means they are equal. We found out, however, that the commodities exchanged differ from each other as use-values, they are not equal. Therefore we have to answer the following questions: On what basis are commodities equal to each other? Which quality apart from being a use-value must a commodity have in order to fulfil the second condition: namely having the same quality as every other commodity?

To answer this, we have to ask again: what is being exchanged? Commodities. What are commodities? Products with a use-value for another person. What are products? Things that have been produced: *Commodities are the result of work*. They are produced by people. This, the fact that people have laboured in order to create these commodities, is what makes commodities different from immediate natural substances. *Commodities are products of labour*.

c. Value. As values all commodities have an equal quality.

As use-values commodities are, of course, products of a specific practical work: chairs of joiner's work, a coat of tailor's work, etc. In the same way as the use-values of the single products are *non-equal*, the different sorts of work necessary for their production are non-equal, as well. Nevertheless all commodities are products of human labour, in regard to which they are *equal*. As labour in itself, as such, all jobs are directly equal. For all jobs, as different as they may be, are an application and expenditure of labour-power. At the end of a working-day you are worn out, whatever the work you have done. The fact that people have spent labour-power in the production of commodities is the *equal quality* we looked for.

In the exchange, joiner's and tailor's work are made equivalent. The respective forms of work are disregarded, though they do not disappear in the identification. The joiner's work does not stop being joiner's work. But the point is that in the exchange, not only the differences between these types of work are shown, but also their *equality*. As to the different types of work, they remain different. In the exchange-relationship the equality of the commodities is expressed despite their differences. As a result of such equal general labour all commodities have one quality in common: *they are values*. In the same way that for work the

common quality is "equal labour", it is "equal value" for the commodity. The quality of being a value is not a natural quality of the commodity, not a quality we could comprehend with our senses. It is a *social* quality. It only appears where exchange is taking place. It means that commodities are the result of a labour which is directly equal to any other labour.

It is of paramount importance that value is not a natural but a social quality. Value cannot be seen or felt, even if you examine the commodity with X-rays or cut it into pieces. Nevertheless, this quality of commodities—namely being a value—is not a wild notion. For we can see during the exchange that the value of commodities exists. In exchange commodities only meet and exchange because they are equal as values, because they are values. Value exists, because the exchange-relationship of commodities is a social reality. In the same way that products are commodities only under the social conditions of private property, division of labour, and exchange, these products have the quality of being a value only under the above conditions.

Every single commodity therefore is *use-value* as well as *value*, according to whether it is regarded as the result of specific, useful work (*concrete, individual* labour) or as the result of directly equal work (*abstract* labour in *general*). The chairs and the coat differ from each other as use-values, but they are equal as values. Thus commodities have to be considered from a twofold point of view, as use-value on the one hand, and as value on the other. This twofold way of consideration results from the *twofold character of the commodity itself*: it is use-value and value.

d. The quantity of value. Labour-time socially necessary

We exchange two chairs for one coat (2 chairs = 1 coat). Both are values, but these values have a certain *quantity*. The identification in this example expresses the equality of both quantities of value: 2 chairs are worth the same as 1 coat. 1 coat has twice the value of 1 chair. The exchange-relationship not only expresses the equal *quality* of commodities as values, but it also shows the relative quantities in which one commodity exchanges for another. How is the quantity of value socially determined?

Value is the result of abstract human labour, labour in general. Its quantity is measured against the amount of labour which has created it: thus it is determined by the duration of human labour, by the labour-time expended in its production. An hour's human labour results in a certain quantity of value. Let's suppose that for the production of a chair exactly one hour was needed. In that case the quantity of value for two chairs would be two hours. We can see from the equation 2 chairs = 1 coat that the coat has to have a quantity of value of 2 hours; as well. The making of the coat takes twice as much time as the making of the chair, namely two hours. We can conclude that the value of a commodity increases in proportion to the length of time needed for its production. Now people might think that a slow or lazy producer would create more valuable commodities than one who worked quickly, because the first, after all, expends more time on his product than the second. We cannot, however, set the productivity of a single producer and his individual labour-time as a standard for the production of value. The quantity of value is to be *socially valid*. Therefore

we have to base our considerations on a social average of skill and intensity of labour and on the social average of conditions of production. The *labour-time socially necessary* is expended only on products made under these conditions. This is the standard which determines the quantity of value of commodities. The producer who works more slowly than the others likewise gets in exchange the social average-value only. The labour-time socially necessary may change, e.g. when better machinery is introduced generally. Then the production of a coat might on average take only half the time it took previously. The value of the coat would have decreased to half of the previous value. Up to now we have assumed that in exchange, values of equal quantity face each other, which is not accurate enough. The quantity of value is determined by the duration of labour-time socially necessary for the production of a commodity, i.e. by an average quantity. Such an *average cannot* by any means *be calculated* by the single commodity producer, nor can it be regulated in any way. The average is to be seen on the market only, with the constant ups and downs of supply and demand. If demand exceeds supply, commodities are sold for more than their value; if demand is lower than supply, the prices of commodities sink below their value. In the long run, these movements balance, so that on average commodities are sold for their value. Marx stresses that the inherent laws according to which equal quantities of value exchange, "impose themselves only as the mean of apparently lawless irregularities that compensate one another" (*Capital*, Vol. 1, p. 102). Thus commodity-producing society, whose existence depends on the functioning of the market, is based on inherent laws that work *automatically* and independently of the conscious will of the people involved.

3. The Exchange-Process

It has become clear that the commodity has a twofold nature—it is use-value and value—and that the quantity of value is determined by the duration of labour-time socially necessary for the production of a commodity. In the exchange-process we can see the social role of the two characteristics of the commodity. We will look at this more closely now.

"Normally commodities are exchanged for money." To understand, however, what money really is, we first have to consider the direct exchange-process of two commodities, A and B. Such a simple exchange-relationship is the starting point for the following analysis, which will explain the special character of money.

a. The simple exchange-relationship of two commodities (elementary form of value)

Commodities are use-values, because they are useful to their purchaser, and they are values, because they result from human labour in the abstract. The value is *not visible* in the exchange, though. What *appears* is only the exchange of *use-values*. While the analysis of the exchange-relationship leads to the conclusion that the single commodity has a twofold nature (use-value and value), considering the exchange-relationship as a whole *only use-values are visible*. Two commodities facing each other show:

1. Different use-values.
2. Equal values.

The difference of their use-values is immediately obvious. The equality of their values, however, is expressed by the exchange-relation in such a way that the *use-value of the one* commodity represents the *value of the other*.

$$2 \text{ chairs} = 1 \text{ coat (elementary form of value)}$$

In this equation, the *use-value* coat represents the *value* of 2 chairs. We can say, 2 chairs are worth 1 coat. The commodity representing the value of the other—here the coat—is called the *equivalent*. In our example, the coat is the equivalent of the chairs. To represent the value of the chairs as an equivalent is a function of the coat, as well as being a use-value for others, i.e. here for the joiner. The coat is:

1. use-value for the joiner and it
2. represents the value of the chairs.

That is, the coat not only serves as a piece of clothing, but also as an equivalent. It fulfils both these functions in the form of a use-value, in its natural character. But it is only within the exchange-relation that the use-value "coat" expresses the value of the chairs. The tailor has produced an equivalent, i.e. mainly value, because the coat has no use-value for himself. Being a producer of commodities and exclusively producing for the market, the tailor can only use the coat as a means of exchange. The tailor produces a commodity equivalent, to exchange it for the chairs he needs. Therefore whenever people produce for exchange, they produce equivalents, i.e. mere values. The specific form of use-value which embodies the value they produce is all the same to them.*

b. The exchange-process further developed and the origin of money

In the example used up to now there is one difficulty. Both commodity producers, the joiner and the tailor, exchange their products *directly*. This method only works on condition that the chairs have a use-value for the tailor and the coat is useful to the joiner. In this case exchange takes place only because the two producers can satisfy their specific wants with the very use-value produced by their opposite number. This, of course, is pure chance. If a joiner goes to the market in order to get a coat, he has to find not only a tailor offering coats, but a tailor who also needs chairs. Only in the event of a tailor wanting to exchange his coat for chairs would the joiner get rid of his chairs and receive the chosen coat in exchange. The joiner, however, like any other man, has quite a few additional wants;

*The meaning of this last statement will become clearer when the capital-relationship is analysed. Only then can the subordinate role of use-value and therefore of the wants of individuals in commodity-producing society be explained. Compare note to Section I, 4 a.

he needs more than just a coat. Let's suppose, for his two chairs he could get either 5 cwt. of potatoes, or 3 pairs of shoes, or 5 bottles of spirits, or 20 yards of cotton material, or 10 grams of gold, as well.

$$2 \text{ chairs} = \begin{array}{l} 1 \text{ coat or} \\ 5 \text{ cwt. of potatoes or} \\ 3 \text{ pairs of shoes or} \\ 5 \text{ bottles of spirits or} \\ 20 \text{ yards of cotton material or} \\ 10 \text{ grams of gold} \end{array} \quad \begin{array}{l} \\ \\ \\ \\ \text{(expanded form of} \\ \text{value)} \end{array}$$

The chairs have as many possible equivalents as there are commodities for the joiner to choose from. It is obvious, however, that the joiner can only exchange these commodities for his chairs, if the other producers—here tailor, farmer, shoemaker, distiller, cotton-weaver, or gold-digger—want to purchase his chairs. On the other hand, this would mean for the gold-digger that he can only purchase chairs, coat, potatoes, shoes, spirits or cotton material if joiner, tailor, farmer, shoemaker, distiller or weaver want to have 10 grams of gold:

$$10 \text{ grams of gold} = \begin{array}{l} 2 \text{ chairs or} \\ 1 \text{ coat or} \\ 5 \text{ cwt. of potatoes or} \\ 3 \text{ pairs of shoes or} \\ 5 \text{ bottles of spirits or} \\ 20 \text{ yards of cotton material} \end{array} \quad \begin{array}{l} \\ \\ \\ \\ \text{(expanded form of} \\ \text{value)} \end{array}$$

Here we recognise that every commodity has a number of specific equivalents and that it is only by mere chance or after a long search that every producer would find a suitable exchange-partner with whom to exchange his use-values. This difficulty results from the fact that all commodities are "non-use-values for their owners, and use-values for their non-owners". (*Capital*, Vol. 1, p. 85). We have seen as well that if a joiner can exchange his chairs for many other commodities and thus represent their values by a number of other use-values, all the other commodity producers too must be able to exchange their goods for chairs and to represent the values of their commodities in one and the same third commodity, namely in the chairs:

$$\begin{array}{l} 1 \text{ coat or} \\ 5 \text{ cwt. of potatoes or} \\ 3 \text{ pairs of shoes or} \\ 5 \text{ bottles of spirits or} \\ 20 \text{ yards of cotton material or} \\ 10 \text{ grams of gold} \end{array} = 2 \text{ chairs} \quad \begin{array}{l} \text{(GENERAL FORM OF} \\ \text{VALUE)} \end{array}$$

or:

2 chairs or	
1 coat or	
5 cwt. of potatoes or	
3 pairs of shoes or	= 10 grams of gold
5 bottles of spirits or	(GENERAL FORM
20 yards of cotton material	OF VALUE)

The chairs (the gold) now represent the values of all other commodities. These commodities express their values collectively in one separate commodity which thus becomes the common or *general equivalent* for all other commodities. This commodity is *money*.

Before really playing the role of money, a commodity must be *socially* recognised as the money-commodity. It is money as soon as it is the *only* commodity in the society acting as the general equivalent.

The development of money is not influenced by a conscious plan of the producers. The private commodity-producers work independently of one another, and distribution of the products is carried out by mere chance according to the respective present conditions of exchange. Money comes into the picture only when it becomes *common practice* to relate the produced commodities to a specific commodity, when this commodity becomes the general equivalent. Which commodity actually acts as money will depend only on how the producers usually express the values of their commodities, on whether it is expressed by cattle, shells, skins, cigarettes, precious metal, or dried fish. What we called "common practice" is a process happening—as Marx says—*behind the backs of the producers*, i.e. developing from daily practice independently of the conscious planning and insight of the single producers. Therefore the opinion that money was consciously invented by producers and introduced as a technical device to cope with the difficulties in the exchange-process, is wrong.

Historically *gold* has become the money-commodity in bourgeois society. Originally it was just a normal commodity like any other; for the gold-digger it is also the specific commodity which he produces. Thus gold has a twofold role: it is jewellery, serves as tooth-filling, etc., and it is the general equivalent, the general means of exchange.

4. Functions of Money

a) Money as a means of circulation

Though money is just a special commodity, it is a commodity with a definite function which develops through exchange. The specific commodities no longer directly face one another in exchange, but exchange instead for money. Exchange then falls into two parts, into the transformation of commodity into money (=selling) and of money into commodity (=buying). Money thus mediates the exchange of commodities, the *circulation*. It serves as a means of circulation.

Commodity - Money - Commodity (C - M - C)

The exchange partners no longer have to consume one another's commodities to keep the exchange going: Commodity owner A looks for someone (B) who wants his commodity. B must own money. A will receive money from B, and he will look for a third person (C) or several persons from whom he will buy commodities with the money received. Selling and buying need not happen at the same time any longer. Exchange thus becomes more mobile, the more so as several separate purchases can be made with the money.[†]

b) Money as a means of saving

A person who sells commodities without buying other commodities with the money received can use the money as a means of saving, rather than as a means of circulation and exchange. Then the circulation C-M-C is stopped after C-M and the money is not spent. In this case the aim of exchange is different. The producer no longer wants to exchange his own commodities for other commodities which would satisfy his wants. His purpose now is to preserve and increase the *value* of these commodities.

This is possible only if the value of the commodities appears in a form which allows the value to be preserved for a long time and to be possessed in a form exchangeable at any time. Money in the form of gold or paper has these characteristics: it is lasting and imperishable, its value relatively constant, and it is exchangeable for commodities at any time.

Why is it that in commodity-producing society money becomes the aim and purpose of exchange? Why do people save money instead of spending it at once? Due to the social division of labour every commodity producer makes only one specific kind of commodity while having manifold wants himself. Furthermore his needs constantly renew themselves, while the production and sale of his commodities take time and depend on good luck. Therefore to survive the producer must be able to get the things he needs even if he fails to sell his commodities or if he is unable to produce commodities at a certain time. In such a situation the necessity of saving becomes obvious. For every commodity producer depends for his very existence on the market, and he can only obtain the commodities offered, if he has got money.

The question is *how much* money actually should be saved. How much money do you need to be safe in all conceivable market situations and crises? £10, £100, £1000? Where does reasonable saving stop and neurotic hoarding begin? This question cannot be answered definitely. We can only

[†]Money serves as a means of circulation in the form of coins. But paper-money (bank notes) can mediate the circulation of commodities as well. These slips of paper as such are worth nothing. They represent the value of the gold which really ought to circulate instead. If the amount of paper-money necessary for mediating the exchange is greater than the corresponding value of gold in the national bank, this has no importance as long as confidence is maintained in the currency. If confidence is lost however everyone seeks refuge with real values, with material assets, and especially with gold. Paper-money then becomes completely useless.

say that the more money someone owns the better it is for him. The more someone has saved the safer he will be in an emergency. Saving money in fact is an endless process. Every conceivable sum of money can be increased. And the saver who wants to gain independence of the irregularities of the market is virtually forced to constantly enlarge the saved sum of money. For there is a strange contradiction when money is used for saving.

Money is saved, because it is the general equivalent, because it means wealth as such, with which *all* commodities can be bought—he who owns money owns the world—this is right on the one hand but wrong on the other. For although *anything* can be bought with money, you never own *money as such*, but always just a certain amount of it. And with this *limited* sum, in fact, *not everything* can be bought but only an equally limited mass of commodities.

The power and independence of the saver therefore ends when he has spent the last bob of his savings. To avoid this unpleasant situation he is forced to accumulate as much money as possible. Saving becomes an endless process.

Marx, who called the saving of money “hoarding”, expressed the contradiction and absurdity of collecting money in the following manner: “The desire after hoarding is in its very nature insatiable. In its qualitative aspect, or formally considered, money has no bounds to its efficacy, i.e. it is the universal representative of material wealth, because it is directly convertible into any other commodity. But, at the same time, every actual sum of money is limited in amount, and therefore, as a means of purchasing, has only a limited efficacy. This antagonism between the quantitative limits of money and its qualitative boundlessness, continually acts as a spur to the hoarder in his Sis yphus-like labour of accumulating. It is with him as it is with a conqueror who sees in every country annexed, only a new boundary.” (Capital, vol. 1, p.133).

The producer whose aim and purpose is to convert his commodities into money and to accumulate money, must, of course, restrict the satisfaction of his needs as much as possible: he must work hard and consume little. Then he can sell many commodities, i.e. make a lot of money and spend little. Industriousness, economy, and avarice therefore must become the main characteristics of the money-saving producer. But no matter how hard he may work and how little he may consume, his wealth never will approach wealth as such but will remain relatively small and will only slightly and gradually increase. For the origin of wealth is, in fact, only the producer’s *own* labour-power. A really boundless and gigantic increase in value would only be possible when a producer uses *many* labour-powers for this aim.

5. Commodity Fetishism

The term “fetish” derives from ethnology, the science which studies the life of primitive peoples. This research work reveals that primitive people are not yet conscious of the social and natural conditions of

their lives. They did not understand for instance that a good harvest was the result of their own labour, of the struggle between man and nature; they believed in superhuman powers. They thought they could influence the powers of nature by adoring the results of their own activity like gods. The result of their labour was thus believed to possess magical powers. In the imagination of these people, dead things therefore acquired human or superhuman abilities and became a fetish, This mechanism through which man-made products seem to assume supernatural abilities is rediscovered by Marx in commodity-producing society. In this society natural powers are no longer a secret. Nevertheless products in this society have a fetish-like character. To understand this commodity fetishism; we have to remember the *specific social form of commodity producing society*.

The basis of any social life is the necessity of production by division of labour and the manner of distribution which results from it. The specific way of producing and distributing the products is the distinctive characteristic of different forms of society. Before deducing commodity fetishism from the specific social form of production we want to compare other forms of society to commodity producing society.

Let’s consider first the social relationship between the medieval landlord and the serf. At that time the social basis was formed by *relations of personal dependence*. As a result of the serf’s dependence upon the landlord the serf had to do a certain amount of labour in his master’s service. He worked on the fields of his master for three days a week while spending the rest of the week labouring on his own land for himself and his family. The social relations of production are really transparent for those people, because their dependence upon one another clearly appears in the form of personal dependence.

Another form of society is the independent farmer’s family which produces for its own needs only. Jobs are divided up among the members of the family so that the individual labour powers have the effect of a collective common labour power. Though there is division of labour among the members of the family, the products of their work do not become commodities. Every member of the family gets his or her share of the jointly produced means of subsistence. In this case social relations remain transparent to all the people involved as in the first example. Here *individual labour is an immediate part of social labour*. The production and distribution of the products do not constitute a secret for anybody.

In commodity producing society where there is not only division of labour but also private ownership of the means of production, the immediate unity of individual and social labour as it characterizes the farmer’s family falls apart. Private ownership of the means of production makes every producer work in isolation. Thus the single producer does not know, what, how much, and how quickly the others are producing. It is not until they exchange their different products that the private producers find out *whether or not their private labour constitutes a part of the total labour of society*: Only if the exchange

was successful does the concrete private labour prove to be part of the total labour which is necessary and useful for the society. The commodity producers do not know about this social relationship, but nevertheless they are subject to it and have to act accordingly,

Commodity fetishism is already prominent in the simple, elementary form of value where the commodities still exchange directly without the mediation of money. In the equation 2 chairs=1 coat two use-values face each other, but they exercise different functions according to their specific relationship in the equation. The coat, by its position in the equation, takes the function of representing the value of the two chairs, whereas in the real exchange there are just two use-values facing each other. The value of a commodity therefore can only be expressed *in a use-value*. If the equation is to express the value of the chairs, then the coat is set against them. The question "what is the value of two chairs?" can be answered. They are worth a coat. Here a certain quantity of a special use-value represents the value of the chairs. The use-value coat can do this only because both the chairs and the coat contain social labour though this is not apparent in both of them. The use-value coat seems rather to be exchangeable because of its natural use-value characteristics.

Thus, for the commodity owners involved, the commodities seem to exchange by virtue of some mysterious natural character of their own. The products of human labour seem to obtain an individual existence. Marx calls this situation when man made things develop an autonomous life and gain power over human beings *commodity fetishism*.

This fetishism becomes reinforced when commodities habitually exchange for money (gold or paper) instead of directly exchanging. A certain precious metal or just printed slips of paper now seem to possess the magical quality of being able to buy all available commodities. And they seem to have these qualities and abilities just because they are use-values, because they are simple pieces of metal or mere scraps of paper.

The producers no longer recognize that money is nothing but the general commodity, the general equivalent, i.e. the expression of human labour in the abstract, in general. The fact that buying and selling with money and for money is nothing more than the special social relationship between isolated commodity producers, is completely disguised. Because the producers do not produce together, they have to run after money each competing with the other. Thus it seems as if they are independent of each other, but they are all dependant upon money. Money rules the whole of society, like a fetish: money rules the world.

Being a private owner of the means of production, every producer only plans for himself, and therefore has to produce for a non-planned, anonymous market. As the people do not jointly and consciously plan their production, their own products face them as an alien power on the market. The exchange seems to be a process between commodities, a relationship between mere things. The relationship of commodities towards one another and later towards money, expresses the relation-

ship between the people themselves. The interdependence of the producers is hidden behind the exchange of commodities. It is not a transparent relationship of personal dependence as between landlord and serf. The seeming independence of the private producers turns out to mean their dependence on the exchange of commodities, on the inherent laws of the market.

The fact that the social relations between people take the form of a relationship between things does not only apply to *simple* commodity production but it is also true of the *capitalist* production of commodities. In capitalist society, where the capitalist owns the means of production and the worker merely owns his labour-power, commodity fetishism and money fetishism appear in a more developed form. (Compare Section 4, point 9).

It is only in the association of freely associated producers that the fetishism of commodities disappears—only when commodity-production itself is transcended. Then people no longer face one another merely as exchange-partners, as mere appendages of their commodities, but they plan production collectively: "Within the co-operative society based on the common ownership of the means of production the producers do not exchange their products: the labour that is spent on producing things no longer appears *as the value* of these products, as one of their factual, material qualities, because now, in contrast with capitalist society, *individual labour exists as a constituent part of total social labour in a direct and immediate way*, no longer in a roundabout way." (translated from the German edition of the "Critique of the Gotha Programme" in Marx-Engels-Werke—MEW—vol,19, p.19-20, emphasis added).

Section 2: The Transformation of Money into Capital

In the first section we developed C-M-C (exchange mediated by money) from immediate exchange C-C. As a result of the mediation of commodity exchange by money, the possibility arose that selling and buying could fall apart into two separate processes. When a producer sells his commodities without buying commodities of the same value he is then able to keep the corresponding sum of money himself. With this money he can make a purchase some time later without a previous sale. However the power of money as the general commodity, exchangeable for all other commodities only lasts as long as the money is not spent again. Therefore, by saving, the owner of money is *not able to make more money with what he actually possesses*. Saving takes place outside the process of buying and selling. Thus if it is impossible to increase one's money outside the exchange-process, we have to find out if it is possible within the exchange.

1. The Circulation of Commodities and Money

The simple circulation of commodities (C-M-C) is complete in itself: A producer exchanges his commodity for money which has no use-value for himself. With this money he buys commodities which satisfy his wants, (which have a use-value for him).

The mediation of the exchange by money makes it possible that sale and purchase are separable and that money can be saved. By saving, the producer of commodities turns into the owner of money. If the owner of money buys commodities on the market and sells them again afterwards, the exchange-process turns into M-C/C-M or simply, M-C-M. This process M-C-M seems nonsensical, however. The owner of

money has not a penny more for it in the end than at the beginning. Nor has he received a use-value (as the above mentioned producer has), but he has exposed his money to the risks of the market. For no one can guarantee that he will be able to sell the commodities he bought, at the same price again. This is decided only in the market—behind the backs of the persons who exchange commodities.

The circulation M-C-M (buying in order to sell) seems to be absurd. In spite of this Marx writes: "Money, that circulates in the latter manner is thereby transformed into, becomes capital." (Capital, vol.1,p,147). To explain this we must analyse the differences between, and the common characteristics of the two circulations C-M-C and M-C-M. It is common to both circulations that they consist of buying and selling and furthermore that in the exchange C-M or M-C equal values are exchanged. The circulation C-M-C is characterized by the fact that use-values with different qualities are at the beginning and at the end of the exchange. The *consumption of use-values* is the aim of the process. Compared to this the circulation M-C-M begins and ends with money. The aim and purpose of this exchange is not a use-value but money, *exchange-value itself*. As here the point is to get just money, however, this sort of exchange only makes sense if the owner of money receives more money in the end than he originally advanced. Therefore the circulation M-C-M by its very purpose is a movement from money—that means not M-C-M but M-C-M'. The sum of money which was originally advanced has to increase, it has to add SURPLUS-VALUE. (This is what Marx calls the surplus over the money originally advanced.) It is only by this *process of increasing the value* that money really is transformed into CAPITAL.

This process of increase in value is limitless: Whereas it is the aim of the circulation C-M-C to get a use-value, i.e. to satisfy a want of a certain quality and a limited quantity, the beginning and the end of the circulation M-C-M' are the same, namely money. But the sum of money must be higher at the end of the process than it was in the beginning. The process of expanding the value of capital therefore knows no bounds.

2. The Circulation of Commodities and Surplus-Value

We know from the first section of this book that normally in the exchange of commodities equal values are exchanged. Marx calls the exchange of equal values "the exchange of equivalents". When two pairs of shoes for instance are exchanged for a dress, this means that their exchange-values are equal. The same amount of socially necessary labour is embodied in both commodities. Therefore they cost the same sum of money. But if we assume that only equal values are exchanged, the process M-C-M—i.e. purchase of commodities in order to sell them at a higher price—is impossible. For by exchanging equal values no-one can gain any surplus-value. On the other hand, everyone knows that an employer is in business to make a profit.

Some bourgeois scientists offer too simple a solution by saying that the producer sells his commodities *above* their value, e.g. 10% above the value, and that this 10% is his profit or surplus-value. They do not

realise, however, that what is sauce for the goose is sauce for the gander. Every producer of commodities wants to make a profit and therefore will sell his commodities 10% above their value. So if employer A sells his commodity to employer B, B pays a price 10% above its value. On the other hand, B sells his commodity 10% above its value, as well. Thus he can make up for the loss in his purchase by gaining in the sale. But he won't gain any profit like this. And employer A loses the 10% rise of value which he gained by the sale of his commodity, when he has to purchase commodities, which are also sold 10% above their value. It is obvious that in this way no producer of commodities can gain surplus-value. This bourgeois explanation is wrong after all. For what it amounts to is that all owners of commodities sell 10% above their value which is exactly the same as if they sold the commodities at their true value. The prices of the commodities may rise but the ratio of their values remains unchanged.

The same is true for the assumption that commodities were sold *below* their value, e.g. 10% below. The purchaser of the commodity would gain a profit, but he would have to sell his own commodity 10% below its value, before being able to buy. He would have already lost 10% by selling, before he could gain 10% in the purchase, so that at the end of the process he would be no better off.

If you say that not all producers, but only a few, sell their commodities above their value, the result is that a single individual might thereby gain a profit, but this profit then comes from nothing else but from cheating the exchange-partner, e.g. the exchange-partner has to pay £5 for a pair of shoes worth only £4. This means he only gets an equivalent of £4 in return for a value of £5. In individual cases this sort of cheating may happen every now and then. It does not explain, however, the origin of surplus-value. For in our example the buyer of shoes is short of exactly the £1 which the seller gained from him without giving him an equivalent. The buyer has lost a value of £1. without having received an equivalent. *Social wealth does not change at all by this sort of cheating and swindling.* What does change is just the distribution of wealth, for when one person has received more value another person has got less value, i.e. considering the society as a whole no new additional value has been created.

As the result of these attempts to explain the origin of surplus-value we find that neither the exchange of equal values, nor the exchange of unequal values, creates surplus-value. The Surplus-value does not originate from exchange; it does not originate in the sphere of circulation.

3. Surplus-Value and the Labour-Power Commodity

If the owner of money buys commodities at their value and sells them at their value, and if he nevertheless gets more money at the end of the process than he advanced at the beginning—then value (without an equivalent) must have been added inside and during the circulation-process M-C-M'.

The money originally advanced cannot have changed its value, because in the purchase (M-C) as well as in the sale (C-M) it only represents the value of the commodity, a fixed sum. This means that no surplus-value originates from circulation. Therefore the increase of value must have something to do with the commodity itself. But it cannot spring from the value of the commodity, for this value does not alter during the exchange. Therefore the increase of value can only come from the use-value of the commodity, that is from its use, its consumption.

In order to have more value at the end of the process than in the beginning, the owner of money has to buy a commodity which creates surplus-value by its very consumption. He finds this special commodity in human labour-power, in the ability for work which the worker sells to him as a commodity. *Labour-power or the ability to work* stands for all sorts of intellectual and physical abilities of a man which he uses as soon as he produces use-value of any kind. The purchase and the consumption of this special value-creating labour-power commodity transforms the owner of money or simple producer of commodities into a capitalist.

The capitalist can consume the use-value of the labour-power commodity only by using the labour-power, i.e. by making its owner, the labourer, work. There are two questions to be answered now:

1. Why does human labour-power appear as a commodity on the market?
2. What determines the value of this special commodity, the use-value of which consists in the creation of new value and surplus-value?

4. Human Labour-Power as a Commodity

The labour-power of men has not always, not at all times and not in all social relations of production been a commodity. In simple commodity production everyone is still an independent private producer of commodities which are exchanged on the market. For the production of these commodities he needs, apart from tools and raw material, his own labour-power. But this labour-power is not a commodity, because it is consumed by its owner himself. The owner can only use his labour-power as long as he possesses the necessary means of production. Only when he lacks these means is he forced to sell his labour-power as a commodity on the market. He has to sell it to someone, who, being the owner of the means of production, is able to consume his labour-power.

The separation of the original producer, (the owner of labour-power), from the means of production necessary for the use of this labour-power is just one pre-condition for the appearance of labour-power on the market as a commodity. The second necessary pre-condition is that the owner of the labour-power is free to dispose of it; that he is a free citizen with the right of self-determination in the sense of *formal* democracy. This is not self-evident. Neither during the middle ages nor in earlier times could the slave or serf dispose of himself and his labour-power as a free person. Marx called these two pre-conditions necessary for the appearance of labour-power as a commodity "the two-fold freedom of the worker", namely

the freedom to dispose of his own labour-power and the freedom from (i.e. the non-possession of) the means of production.

Both pre-conditions are the result of certain historical developments which can only be outlined here. Connected with the development of simple commodity production is the development of the towns as markets and the spreading of money-economy. The expansion of the commodity-money-relations in the country leads, on the one hand, to the abolition of the serfdom of farmers who have to replace the hitherto existing payment by work or goods by money. On the other hand it leads to the violent separation of many small farmers from their land, when they are unable to pay the money demanded. These farmers dispossessed from their land i.e. robbed of their means of production, take refuge in the towns. There they earn their living by selling their labour-power and thus become the first wage-labourers, the first proletariat. The historical development towards capitalist society is twofold. On the one hand, the people are liberated from their unfree, unequal status and from the chains of bondage. Thus the oppressed serfs become free citizens. But at the same time they are dispossessed of the basis of their living and therefore forced—through formally free citizens with the right to dispose of their persons and labour-powers—to sell their labour-power as a commodity to the owner of the means of production, the capitalist. Thus they must enter a new, more hidden, but not less violent form of oppression.

5. The Value of the Labour-Power Commodity

As all things in the capitalist mode of production are commodities, human labour-power also becomes a commodity by the historical development described above. As all things become commodities by being exchanged for products of equal value, labour-power becomes a commodity as well by its exchange for money. The characteristic of every commodity is—as we have seen before—that it not only has a concrete visible quality (form, colour, size, etc.) which Marx calls the *use-value*, but also a *value* which makes it possible to compare it with and exchange it for other commodities. The value of every commodity is determined by the labour-time necessary for its production. Likewise the value of the labour-power commodity is determined by the labour-time necessary for its production and maintenance.

Labour-power, however, cannot be separated from the worker to whom it belongs. The production and maintenance of labour-power therefore, is the production and subsistence of the worker himself. How much labour-time does the maintenance of the worker cost? First we have to clarify how the worker as the owner of human labour-power, is produced and kept alive; namely by a certain amount of means of subsistence. These means include all things necessary for living. Thus the labour-time necessary for the production of these means of subsistence is necessary for the maintenance of the worker who consumes them. Likewise the labour-time necessary for the production of the means of subsistence determines their value. Therefore we can say: "The value

of labour-power is the value of the means of subsistence necessary for the maintenance of the labourer." (Capital, vol. I, p. 171)

These means of subsistence must be sufficient not only to keep him alive (the physically indispensable minimum) but also to keep him fully capable of work all his life. Therefore by "necessary means of subsistence" Marx does not (as his bourgeois enemies would like to attribute to him) only mean the basic victuals which can just keep the worker at a subsistence minimum. Apart from food, clothing, housing, facilities for spare time activities, etc. the "necessary means of subsistence" include the education of the worker, and the costs for the subsistence of his family and for the upbringing and education of his children, as well. We cannot, however, determine once and for all what belongs to the necessary means of subsistence, because this changes constantly.

When analysing the distribution of wealth produced in capitalist society we have to bear in mind that it is not the productive forces which are decisive but rather the relations of production, i.e. the class-division which includes the private appropriation of surplus-value by the capitalists. This means that the determination of the necessary means of subsistence of the working class does not automatically result from the technical capacity of the society. Capital is interested in keeping the value of the necessary means of subsistence as low as possible, because a low value of these means a low value of labour-power, as well, and the capitalist then has to pay less wages. The lower the wages the capitalists pay the workers, the higher is the surplus-value they can gain. Therefore the necessary means of subsistence are not only determined by the level of the productive forces but also by the class-struggle for the workers have to fight for a long time against the interests of the capitalists before a car is considered as part of their necessary means of subsistence.

The capitalist's interest in making as much surplus-value as possible has, however, a quite opposite effect as well. To increase his surplus-value he has to exploit the technical possibilities of production to the full. Thus he produces more and new commodities. If he wants to sell a large amount of these commodities, he also needs the worker as buyer. By clever advertising every capitalist tries to make the worker believe that he really needs the new commodities. In order to make the workers buy what the capitalists want to sell, ideological pressure in the form of advertisements for example must be kept going to induce the workers to consume these commodities. Here we can see the contradiction that every single capitalist wants to pay his workers low wages while wanting all other capitalists to pay their workers the highest possible wages.

Therefore, on the one hand, it is an important step forward in the class-struggle when the workers successfully fight for more and more means of subsistence to become "necessary" to improve their living standards. On the other hand, however, all this happens within the limits of the capitalist mode of production. As long as capitalism exists, the worker cannot determine for himself what sort of things he wants to consume. In capitalist society, the kinds or the use-values of all necessary means of

subsistence are always determined by the capitalists. The worker has to consume what he has produced by order of the capitalist. Under capitalism, all technical achievements—being progressive in themselves—are used to maintain the class structure and to maintain the wage-labourer *as a wage-labourer*.

The mere physical maintenance of the worker (food, housing etc.) is always aimed at keeping him fit for employment in the capitalist production process. With the nerve-racking production process of today, the worker—forced to do monotonous work (production-line etc.)—needs, for the upkeep of his labour-power, more and more means of subsistence which will maintain his intellectual and mental state. These include television, records, the weekend outing by car etc. But it is precisely these necessary means of subsistence which are *not only* sold to labourers to make them physically fit for employment in the production process, but also to prepare them mentally (their consciousness) for the demands of capitalist production: The entire cultural industry aims at preventing the worker from seeing through the capitalist relations of production. We all know that magazines, television, radio etc. practically never report on the actual working-conditions which the working population is exposed to every day. In the mass-media the capitalists find their accomplices, who take care that the news which is communicated to the masses in newspapers, television etc. serves the maintenance of capitalism. The same is true for the leisure industry.

Thus it becomes clear that under capitalism the maintenance of the labour-power commodity includes the maintenance of the class-relations. *The struggle of the workers for their necessary means of subsistence therefore must always be linked with their fight against capitalism in general.* But in order to comprehend the capitalist production-process fully, we must first go back to the sale of the labour-power commodity to the capitalist.

The value of labour-power is determined by the social average cost of the necessary means of subsistence. As in circulation, i.e. in exchange, equal values are always exchanged the capitalist has to pay the labour-power at its value. It makes no difference, if he pays the worker before or after he has worked for him. In any case the exchange-relations are fixed in advance when a work-contract is made and signed. Nevertheless it seems as if the worker gets paid for the work he actually did, But the value of the labour-power and of the necessary means of subsistence are fixed beforehand, and these means of subsistence are sufficient to maintain the worker e.g. for a day. Once the capitalist pays the value of the labour-power, he owns its use-value, the living labour. The capitalist can then determine how long the worker has to work, i.e. how much new value the worker has to create through his work. Now we have to analyse how this new value originates. Marx writes:

“The consumption of labour-power is completed as in the case of every other commodity, outside the limits of the market or of the sphere of circulation. Accompanied by Mr. Moneybags and by the possessor of labour-power, we therefore take leave for a time of this noisy sphere,

where everything takes place on the surface and in view of all men, and follow them both into the hidden abode of production, on whose threshold there stares us in the face ‘No admittance except on business’. Here we shall see, not only how capital produces, but how capital is produced. We shall at last force the secret of profit making”. (Capital, vol.1.p.175/76).

Section 3: The Production of Absolute Surplus-Value

On the market the capitalist who wants to transform his money into capital, buys the labour-power commodity, the use of which brings him more value than it is worth itself. As the worker does not possess any means of production (mp), his ability to work is of little use to him. To survive he must sell his ability to work to the capitalist who owns the mp. Only then does the worker come into contact with the mp and is actually able to work.

In the production-process the capitalist makes the worker produce commodities which contain surplus-value. These commodities must be considered in two ways, as we have seen. Commodities must have a use-value corresponding to the respective demands of the purchaser. And they must have a value, as in a commodity-producing society the private producers can pass their commodities on to one another only by exchange.

Like the results of work labour itself has a two-fold character: to produce a definite use-value a specified work, which Marx calls concrete-individual labour, is necessary. When producing with the purpose of exchange, a certain amount of human labour in the abstract, in general, must be spent for the production of every commodity.

Capitalist commodity production, has to be considered in a two-fold way:

1. Labour is always expended in a specific useful form and as such it creates use-values.
2. Labour simultaneously ranks as human labour in the abstract and as such it creates values.

1. The Labour-Process

Although there have been various social forms of production in the history of mankind (e.g. slave-economy, feudalism), labour is the necessary condition for the upkeep of society in *all* modes of production. Every labour-process is expenditure of specific useful work for the production of use-values. This is independent of every specific form of human life and therefore it is common to all forms of society. The labour-process consists of the following elementary factors:

1. the subject of work (raw material and accessories) = means of production
2. the instruments of work (tools, machines)
3. human labour-power.

The human labour-process is a conscious systematic activity, a unity of intellectual and physical labour. "A spider conducts operations that resemble those of a weaver, and a bee puts to shame many an architect in the construction of her cells. But what distinguishes the worst architect from the best of bees is this, that the architect raises his structure in imagination before he erects it in reality. At the end of every labour-process we get a result that already existed in the imagination of the labourer at its commencement." (Capital, Vol. I, p.178)

Under capitalist conditions two special phenomena appear during the labour-process:

1. The labourer works under control of the capitalist who sees to it that the work is done quickly and orderly and that no means of production are wasted.
2. The labour-process brings together the elements of production which the capitalist has bought, namely the means of production and human labour-power. The product of this process belongs to him and not to the immediate producer, the worker.*

2. The Process of Expanding the Value of Capital

The special characteristic of the capitalist mode of production is that during the labour-process, surplus value is produced as well as and at the same time as use value. *The capitalist production process therefore, is a unity of the labour-process and the process of expanding the value of capital.* The capitalist only produces use-values, because they contain value and surplus-value. The labour-process in which use-values are produced represents the

* The capitalist has made the worker produce the product not for his own needs, but in order to sell it. The use-value of this product therefore is all the same to him, as long as it finds a purchaser. The capitalist is only interested in the value-side of production, i.e., in the utmost possible expansion of the value of his capital. "Use-values must therefore never be looked upon as the real aim of the capitalist, neither must the profit on any single transaction. The restless never-ending process of profit-making alone is what he aims at." (p.152/153). Nor does the wage-labourer in capitalism have any interest in the use-value of the commodities produced by him but not belonging to him. Marx writes: "Indeed the wage-labourer is interested in the bullshit he has to produce in just the same way as the capitalist himself who uses him who does not give a damn what he makes." (translated from the German edition of Marx: Grundrisse, p.184,—compare note on p.18).

capitalist production-process from the point of view of quality. The process of expanding the value in which surplus-value is produced represents the quantity-side of this production-process.

In the process of expanding value, only the length of time during which work is spent is important. The means of production are not important because of their special useful character but only count as values, as certain quantities of materialised labour. (For the means of production which were bought as commodities are already the result of past labour.) On entering the production-process raw material as well as the instruments of work have a certain value. Likewise the value of labour-power is defined, by the value of the means of subsistence necessary for its maintenance.

If the capitalist makes the labourer work only long enough to produce an equivalent for the value of his labour-power "... no surplus value can be produced. Let's assume that the daily value of labour-power is £3 and for producing a value of £3, 4 hours of social labour are necessary on average. In this case, no surplus-value is produced in a working-day of four hours. But the past labour that is embodied in the labour-power, and the living labour that it can call into action; the daily cost of maintaining it, and its daily expenditure in work, are two totally different things. The former determines the exchange-value of the labour-power, the latter is its use-value." (Capital, Vol. I, p. 193).

The capitalist, when buying labour-power at its exchange-value on the market has acquired the right — as with every other commodity — to consume its use-value as he wishes. He consumes the use-value of the labour-power commodity by making the labourer work on his behalf. "The owner of the money has paid the value of a day's labour-power; his, therefore, is the use of it for a day; a day's labour belongs to him. The circumstance, that on the one hand the daily sustenance of labour-power costs only half a day's labour, while on the other hand the very same labour-power can work during a whole day, that consequently the value which its use during one day creates, is double what he pays for that use, this circumstance is, without doubt, a piece of good luck for the buyer, but by no means an injury to the seller." (Capital, Vol. I, p. 193/194)

This does not in any way go against the law of the exchange of equivalents which is true in the sphere of circulation, for the labour-power commodity is bought at its value. Only the consumption of its use-value in the production-process creates surplus-value, for which purpose the working-day is prolonged beyond necessary labour-time. If the worker only works until the value of his labour-power is replaced by an equally high new value (= necessary labour time), this new value is equivalent to the value which was advanced for the purchase of the labour-power.

We proceeded on the assumption that the capitalist advanced money-capital to buy the commodities on the market which he needed for the production-process. $M-C-\frac{l_p}{m_p}$. Once he owns these two factors (labour-power = l_p and the means of production = m_p), production can begin (... P ...). Because labour-power, when used by the capitalist creates surplus-value, the

result of the production-process is a commodity (C'), the value of which is higher than the value of the purchased commodities l_p and m_p . This resulting commodity is sold at its value ($C'-M'$).

The *total process of expanding the value of capital can therefore* be expressed in the following formula:

$$M-C-\frac{l_p}{m_p} \dots P \dots C'-M'$$

3. The Transfer of Value and the Formation of New Value

In the capitalist production-process which is a labour-process as well as a process of expanding the value of capital, commodities are produced that contain value and surplus-value. Now we have to analyse the way in which the different factors of the labour-process (l_p and m_p) take part in the formation of the value of the commodity produced*.

The worker creates new value by adding a certain quantity of labour to the subject of work. On the other hand, the value of the consumed means of production also form part of the value of the product. Their value is preserved by being transferred to the commodity. This transfer takes place in the labour-process through the respective concrete labour, i.e., through consuming and working up the means of production. The worker cannot work twice in the same period of time, once in order to preserve value, and again in order to add new value. Nevertheless he has achieved two totally different things at the end of his work. This twofoldness of the results of his work can only be explained by the two-fold nature of the labour itself. At the same time, it creates new value and preserves or transfers value.

It is by the particular useful labour, e.g., by spinning cotton, that the special useful qualities, the use-values of the means of production (cotton and spindle) are consumed. In their place a new use-value originates (yarn), in which the value of the consumed means of production re-appears. The labourer therefore preserves the old value by his special concrete labour, whereby the value of the consumed means of production is transferred to the newly created product. Whereas the transfer of value is achieved by concrete labour, the newly produced value is the result of the expenditure of labour-power as such, of human labour in the abstract.

Living labour preserves old value by adding new value, because abstract labour can only be expended in a concrete form. The preservation of value does not give the worker additional labour, but it is very profitable for the capitalist, as it preserves the existing value of his capital at no additional cost. As long as production continues smoothly this seems natural to him. *But in time of crisis or during strikes, the capitalist suddenly becomes aware of the two-fold nature of labour which hits him badly.* His machines are at a standstill, and raw materials which are not used and consumed, become spoilt and rot without being able to transfer their value.

* Note: For an illustration of the following text we cite the example of the production of a wardrobe in a capitalist furniture factory, p.

The means of production can never transfer more value than they embody. The instruments of work (machines) transfer their value only gradually to the product, in proportion to the length of their lives. In the case of a machine which is worth £4000 and is completely worn out after 1000 days, every day one thousandth of its value is transferred to the product. Here the difference between labour-process and process of expanding value becomes obvious. The same means of production are used as a whole in the daily labour-process, whereas they transfer their value (in the process of expanding value) only gradually and piece by piece.

4. Constant and Variable Capital

The capitalist has invested his money-capital in means of production and labour-power. As these two elements of the labour-process play a different role in the formation of the value of the product and especially in the production of surplus-value, they have to be distinguished from one another. In the capitalist production-process both are the material constituents of capital. But means of production and labour-power have totally different functions in the process of expanding value, in the production of surplus-value. The mp are worked up into products. Their value is thus transferred to the product and does not change its size in this process at all. It remains a constant figure. Marx therefore describes the mp as *constant capital*.

This is not the case with labour-power. Its value is determined by the value of the necessary means of subsistence. However, what functions in the capitalist production-process is not the value of the labour-power but its use-value, the living labour. This living labour creates new value in the production-process, a value higher than the sum of capital originally transformed into labour-power. Therefore that part of capital invested in labour-power is called *variable capital*.

5. The Rate of Surplus-Value

The capital advanced by the capitalist is divided into constant (c) and variable (v) capital. During the production-process surplus-value (s) is created. The value of the product therefore is $c+v+s$, e.g., $£60 = 10c + 10s$. The constant capital does not create any new value, but just transfers a part of its value on to the product, until the raw material is completely consumed and the instruments of work are worn out and no longer function. Living-labour, and thus new value, is the result of the active labour-power alone which creates a value of the same size as its own value, and beyond this produces surplus-value. The *actual new value* created in the production-process, i.e., the new value ($v + s$), is different from the value of the entire product, i.e., the *value of the product*.

Value of the product: $c + v + s$ (40 + 10 + 10)

Newly produced value: $v + s$ (10 + 10)

To find out how much the value of capital has expanded we have to begin from the fact that surplus-value is only created by human labour-power. Therefore, when calculating the degree of expansion of the value of capital, we can leave the constant part of the capital out of account; take it as nil. To find out

the degree of value-expansion we have to consider only newly produced value ($v + s$). Thus, surplus-value has to be put into a relationship with the advanced variable capital, whereby we arrive at the formula $\frac{s}{v}$. This is what Marx calls the rate of surplus-value (s'). In the above example it is

$$\frac{10s}{10v} = 100 \text{ per cent.}$$

$$s' = \frac{s}{v}$$

During one part of the working-day the labourer produces a value equivalent to the value of the means of subsistence necessary for the reproduction of his labour-power. This part of the working-day Marx calls "*necessary labour-time*," and the work spent during this time is *necessary labour*. The work done during the second part of the day brings the worker no advantage whatsoever, but for the capitalist it creates surplus-value. Marx calls this work *surplus-labour* and the part of the day in which it is expended *surplus labour-time*. Surplus-value is determined by the length of the non-necessary part of the working-day. Therefore, surplus-value is to the variable capital as the surplus-labour is to the necessary labour, or the rate of surplus-value

$$\frac{s}{v} = \frac{\text{surplus-labour}}{\text{necessary labour}}$$

The rate of surplus-value therefore is the exact expression for the degree of exploitation of the worker by the capitalist.

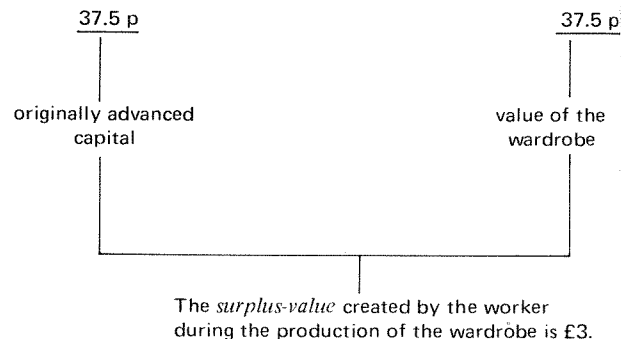
$$\text{DEGREE OF EXPLOITATION} = \frac{\text{surplus-labour}}{\text{necessary labour}} = \frac{s}{v}$$

The Production of a Wardrobe in a Capitalist Furniture Factory (comp.p.)
(1 worker produces 1 wardrobe in 8 h)

Pre-conditions:

1. Value of a day's labour-power = £3
2. Value of the product per hour of work = 75 p.
3. Therefore: the value of the product of 4 h of work is £3.

Elements of the labour process	Value of these in hours	Value of these in £s	Production process	Value of wardrobe in hours	Value of wardrobe in £s
Saw (depreciation)	2	150 p	The value of these consumed means of production is transferred to the wardrobe To the means of production 8 new hours of work are added (= labour-time for the production of the wardrobe)	2	150 p
Wood	20	£15		20	£15
Glue	1	75 p		1	75 p
Nails	0.5	37.5 p		0.5	37.5 p
Polish	1	75 p		1	75 p
1 labour-power	4	£3		8	£6
Sum:	28.5	£21		32.5	£24



6. The Mass of Surplus-Value

We know that the expansion of capital is boundless. Value expands itself towards the utmost possible surplus-value. Therefore the individual capitalist is not content with the longest possible working-day of every individual worker, but he wants to employ as many labourers as possible at a time. If one worker creates £3 of surplus-value per day, 100 workers will produce £300 of surplus-value per day. The mass of surplus-value grows with the number of workers employed at the same time.

If the value of labour-power is fixed, the mass of surplus-value produced by one single worker is determined by the rate of surplus-value. Let's assume the value of a day's labour-power is £5 and the rate of surplus-value is 50%. Then the surplus-value is £2.50 p. If 10 workers are employed on the

same conditions £50 of variable capital are necessary and a surplus-value of £25 is created. The mass of surplus-value results from multiplying the rate of surplus-value with the whole of the variable capital. (V)

$$S = \frac{s}{v} \times V \quad (S = \frac{2.5}{5} \times 50 = 25)$$

If the mass of surplus-value of a single capitalist increases with the number of workers employed, the surplus-value of the entire class of capitalists will increase with the size of the working-class. *Therefore capital tends to transform all the rest of the population into wage-labourers.*

7. The Working-Day

The working-day consists of the sum of necessary and surplus-labour, i.e. of the periods during which the worker produces the equivalent for the value of his labour-power and the surplus-value. If the length of the necessary labour-time is fixed, the total length of the working-day can change according to the duration of surplus-labour. But the latter can only vary within certain limits. The upper limit has to be above the necessary labour-time in a capitalist society for the appropriation of surplus-labour is the basis of this social system. The capitalist completely serves his capital. As his capital does not know any limits to the expansion of value, he doesn't know any either.*

* Marx writes that the individual capitalist is virtually nothing but "capital personified and endowed with consciousness and a will." (Capital, Vol.1, p.152). That means the capitalist finds himself in competition with other capitalists, and this social relationship determines his behaviour, which must be directed to the maximum expansion of the value of his capital. The more the single capitalist prolongs the working-day of his labourers the more his capital expands its value, and the better his position in the competitive struggle against the other capitalists. "Hence Capital is reckless of the health or length of life of the labourer, unless under compulsion from society. To the outcry as to the physical and mental degradation, the premature death, the torture of over-work, it answers: Ought these to trouble us since they increase our profits? But looking at things as a whole, all this does not, indeed, depend on the good or ill will of the individual capitalist. Free competition brings out the inherent laws of capitalist production, in the shape of external coercive laws having power over every individual capitalist." (Capital, Vol.1, p.270).

If the capitalist does act contrary to the expansion of value of his capital, he must necessarily go bankrupt sooner or later.

All other members of bourgeois society are also subject to the coercions of capitalist commodity production and cannot develop as free individuals. People exist for one another only as representatives of commodities and therefore, as owners of commodities. Marx writes "that the characters who appear on the economic stage are but the personifications of the economic relations that exist between them." (p.85) Marx in his scientific analysis does not morally condemn the actions of the capitalists, nor unconditionally approve of the actual behaviour of the workers.

Already in the preface to "Capital," Marx says this clearly: "To prevent possible misunderstanding, a word. I paint the capitalist and the landlord in no sense couleur en rose. But there the individuals are dealt with only in so far as they are the personifications of economic categories, embodiments of particular class-relations and class-interests. My standpoint, from which the evolution of economic formation of society is viewed as a process of natural history, can less than any other make the individual responsible for relations whose creature he socially remains, however, much he may subjectively raise himself above them." (Capital, Vol.1, p.10).

The hunt for surplus-value is endless. Capital once invested in means of production can only expand its value, however, when it gets into contact with human labour. Thus, the constant capital permanently demands new use of living labour, so that it does not have to remain in the form of dead labour. Dead labour demands living labour, in order to keep its own value in existence. Marx describes this situation in a rather dramatic way: "Capital is dead labour, that, vampire-like, lives by sucking living labour, and lives the more, the more labour it sucks. The time during which the labourer works, is the time during which the capitalist consumes the labour-power he has purchased of him. If the labourer consumes his disposable time for himself, he robs the capitalist." (Capital, Vol.I, p.233).

The capitalist with his desire to expand the value of his capital wants to utilize the use-value of labour-power as fully as possible. He would like the worker to have no free time whatsoever, for the time which the worker spends on his own wants and for his own pleasure, is lost time for the expansion of capital.

The maximum limit of the working-day is determined firstly by the limit of physical endurance of the worker. He needs a certain time within the 24 hours of the day to rest and to eat. Secondly the worker as a member of human society has to satisfy intellectual and social needs which depend on the general level of cultural development. Though this free time only serves to reproduce the normal labour-power of the worker—which, in fact, the capitalist is interested in—it is not voluntarily conceded to the worker.

The capitalists are mainly interested in the longest possible working-day, whereas the workers fight for the shortest possible one. Already in 1866 the working-class brought up the demand for the 8 hours' day. If the 8 hours' day left enough profit for the capitalists more than 50 years ago, all the more so today after the immense technical progress of the last decades which has meant that necessary labour-time has become much shorter. That means the degree of exploitation of the worker today is incomparably higher than 50 years ago. Nevertheless the 8 hours' day has never been seriously questioned since then! *This shows clearly how the capitalist class now as before tries to suck as much surplus-labour as possible from the workers.*

8. The Violent Struggle Between Workers and Capitalists Over the Length of the Working Day

The legal regulation of a normal working-day did not take place at the beginning of capitalism. On the contrary, it is the product of a protracted struggle between the working class and the capitalist class. The question how long the working-day should be, i.e., how much surplus-labour the worker has to do, could not be solved by peaceful negotiations, of course. Workers and capitalists originally meet as exchange-partners. Labour power of a certain value is exchanged for the equivalent value in the form of money. This exchange of equivalents does not give us any objective standard for the length of the working-day. In the conflict over the length of the working-day, both exchange-partners can refer to the law of the exchange of equivalents.

The *capitalist* could argue in the following way. He has purchased the labour-power commodity at its exchange-value; therefore, its use-value belongs to him during the working-day. He has thus got the right to make the labourer work for him during the day. The capitalist tries—like any other purchaser to make the utmost possible profit out of the use-value of his commodity. As a purchaser he is perfectly right to extend the working-day as much as possible. In fact, he deals with the labour-power exactly *like any other commodity*, after paying its value, he can dispose of its use-value as he pleases.

But the *wage-labourer*, as well, could refer to the law of the exchange of equivalents. On the market only those pieces of commodities which have an *average quality* can be sold at their value. The worker who is totally dependent on permanently selling his labour-power, must be able to work tomorrow with the same normal degree of strength and health as today. Since to sell his labour power at its value, he must preserve its average use value, the wage labourer wants to spend only as much of it every day as is compatible with his average life-span and healthy development. Thus the worker maintains his right as a seller of the labour-power, in wanting the working-day to be limited to a certain normal length. He, in fact, treats the labour-power *as a special commodity*, the use-value of which he uses sparingly, exactly because he is forced to sell it day in day out according to the *general* law of the exchange of commodities.

Such a conflict of interests about the consumption of the use-value of an exchanged commodity is impossible with any other exchange of commodities, e.g., with the exchange between the shoemaker and the baker. *In the sphere of circulation*, however, what happens between the capitalist and the wage-labourer is no different from what is going on between the shoemaker and the baker (namely an exchange of equal values). Therefore this conflict of interests cannot be explained by exchange in general, but only by the exchange of the 'special labour-power commodity and capital. It is only in the exchange between capital and labour that the laws of the exchange of commodities lead to such a conflict of interest. For there is no limit to the working-day nor to surplus-labour, which can be deduced from the very nature of exchange itself. Capital and labour both refer to the same law for carrying through their *antagonistic* interests. The result is that there is no solution and no way out of this situation. Right stands against right, both equally proved by the law of the exchange of commodities. *A decision between two equal rights, can only be reached through struggle.*

Only the exchange between two *specific* owners, the owner of money (representing the means of production) and the owner of labour power leads to this conflict. The worker must make this exchange to live; the capitalist to transform his money into capital. The basis of the exchange between capitalist and labourer is the economic separation of owners of the means of production and owners of nothing but labour-power. By this special situation of ownership, society is divided into the *capitalist class and the working-class*. The capitalist class is only interested in ap-

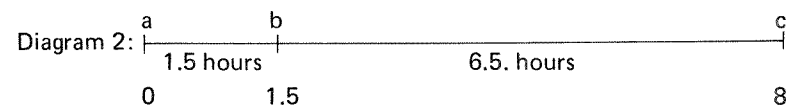
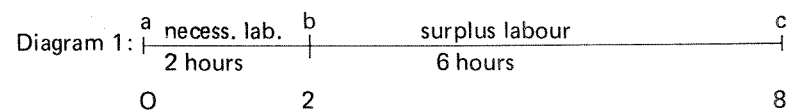
appropriating as much living labour as possible by the aid of their means of production, which means nothing other than to exploit the workers. The working-class on the other hand is forced by its economic situation to sell its labour-power to the capitalist on the easiest possible terms, because it cannot exist otherwise. The private ownership of the means of production, on the one hand, and the mere possession of labour-power, on the other, are the reason for the permanent outbreak of violent class-struggle in capitalist society.

Within the framework of this society, this class-struggle can only result in improving the situation of the working class quantitatively. This is the task of *trade-unions*. But by merely fighting for quantitative improvements (higher wages, etc.) the basic fact that a working class exists and is exploited by the capitalists is not changed. The class division can only be abolished, if we get to the roots of the evil, that means, if we get rid of the economic origin of class division, the private ownership of the means of production.

The struggle over the length of the working-day is carried out by both sides with all means of violence against persons and things, up to the destruction of factories by the workers, and the use of military forces against rebelling workers. It is always that side which has at its disposal also uses the most effective means of power than can successfully put through their interests. If the workers renounce the use of violence in any possible form, they allow the capitalists to extend the working-day without limit, i.e., to violently destroy their labour-power! If on the other hand, the individual capitalist does not use violence in the struggle, his rate of surplus-value will decrease, and he is in danger of being ruined in the competitive struggle against the other capitalists, that means, of becoming a seller of labour-power himself. Here it is obvious *that in the struggle between capital and labour pacifism and non-violence only lead to the result of being helplessly exposed to the violence of the other side.*

Even if the struggle over the length of the working-day leads to a "compromise" which is only possible when the relationship of forces is nearly equal, the contradiction between capital and labour will not be abolished. The legally fixed normal working-day, though it seems to prevent the capitalist from increasing his rate of surplus-value as he pleases, can only be a temporary solution, since the capitalists will find and have found other means of exploiting labour-power and increasing their profit, by increasing the speed of work, etc. Class struggle will break out again and again as long as the exchange between capital and labour exists.

Section 4: Relative Surplus-Value



The working day of the wage-labourer falls into two parts, into necessary and surplus-labour. The line a to c is to represent a working-day of 8 hours, subdivided into necessary labour and surplus-labour. When we explained absolute surplus-value, it was assumed that a to b remains constant, and b to c is extended as far as possible. There are however, natural and social limits to the excessive expansion of the working-day. In the 19th century, the very physical existence and survival of the working-class was seriously endangered because of children's work, over-work, and the injuries and illnesses workers suffered during the production-process. But it was not before the working-class put pressure on the exploiters and fought revolutionary struggles that the legal limitation of the working-day was enforced.

1. Increasing the Surplus-Value without Extending the Working-Day

Let us consider again the line a to c, assuming that a to c remains constant, because c is legally fixed as the limit of the working-day and can only be

exceeded in special cases (overtime). Then the surplus-labour can only be increased at the expense of a to b (the necessary labour). The length of the entire working-day would not be altered, but only its subdivision into necessary and surplus-labour.

This can happen when the capitalist pays the labour-power below its value, i.e. when he enriches himself at the cost of the necessary means of subsistence of the labourer. (Such an attack on the living-standard of the working-class is obvious in Britain at the present time, when the situation of the workers is made worse by the ever rising cost of living and cuts in social services combined with attempts to "discipline" the workers long-term wage-agreements and by anti-strike legislation.

If we assume, however, that labour-power is sold at its value, this sort of "sweating" as a means of increasing surplus-value must be excluded. The only other possibility for the capitalist is to reduce necessary labour by reducing the value of the necessary means of substance while the *mass* of these means remains the same (whereas sweating is an attempt to reduce the *mass* of means of subsistence which the worker needs). The working-day where necessary labour-time is reduced by say half an hour, then looks as in Diagram 2.

2. Reducing the Value of the Necessary Means of Subsistence by Increasing the Productivity of Labour

The value of the necessary means of subsistence is determined by the labour-time necessary for their production. Therefore it can only go down if less labour-time is needed for their production. To achieve this effect the productivity of labour in those industries that produce means of subsistence, must be increased. This can happen when better machines are used which increase production without using more labour-power. If no more labour-power than before is spent in one working-day, no more value than before is created either. But at the end of the working-day, there are more products than before—owing to the improved method of production.

Therefore, every single product has a smaller share of the daily total product of value, i.e., of the new value produced during the day. The value of every single product has gone down due to the rising productivity of labour. If this increase in productivity occurs in those industries, where the necessary means of subsistence of the workers are produced, the value of these means and thereby the value of the labour-power goes down. *

* This seems to contradict the everyday experience of constantly *rising* prices. We cannot completely explain this problem at this stage. We can only say which things have to be taken into consideration when looking for the answer to this problem. Firstly the devaluation of money plays an important part in the movement of the prices of commodities. If inflation progresses faster than the productivity of labour rises, prices will rise. Secondly prices depend on the total movement of the capitalist economy, on business cycles. Neither of these two factors can be analysed at this stage.

3. The Individual Capitalist's Pursuit of Extra Surplus-Value

If a capitalist uses better machines, his intention is not to reduce the value of labour-power. He would not be in a position to do that, anyway. For firstly his firm may produce commodities which do not belong to the necessary means of subsistence of the working class, and secondly the production of the necessary means of subsistence is in the hands of many different capitalists who produce independently of one another. The individual capitalist only thinks of the best way to sell his commodities, i.e., he only thinks of the market. There he meets other capitalists who compete with him. In order to secure a good position on the market and possibly to eliminate the competitors completely, he has to be able to sell cheaper than they do. He could sell his commodities below their value, that means give part of his surplus-value to his customers. Big concerns which combine different branches of production and are able to compensate for temporary losses, use this method sometimes in order to smash smaller competitors.

In the long run, however, this loss of surplus-value cannot be accepted as a good way, not even for big concerns. Generally the capitalist can only sell cheaper, if he produces cheaper as well, i.e. he has to increase the productivity of labour in his firm. He may achieve this by a more efficient division of labour and improvement of machinery. Thus in his firm less labour-time is needed for the production of the same mass of commodities than in other firms. The *individual value* of the commodity produced in his firm then is below its social value, because the *average labour-time socially necessary is not immediately altered by the rise of productivity of labour in one firm*.

The capitalist then produces more commodities than his competitors in the same time. He could go on selling them at the old price and would gain much more surplus-value than before. But his competitors also sell at the old price. He can neither eliminate them by doing this nor will he be able to sell the increased amount of commodities produced. He will rather fix a price which is above the individual value of his commodity, but still below its social value. Thus this capitalist temporarily receives an *extra surplus-value*, because the means of exploitation at his disposal are better and more effective than those of his competitors. (For illustration compare table on p.50).

The increase in the productivity of labour in one firm means that the workers in this firm have to produce extra surplus-value as well as surplus-value while the length of their working-day has not changed. The time in which they do surplus-labour increases at the expense of the necessary labour-time. Marx states: "Hence, the capitalist who applies the improved method of production, appropriates to surplus-labour a greater portion of the working-day, than the other capitalists in the same trade. He does individually, what the whole body of capitalists engaged in producing relative surplus-value, do collectively." (Capital, Vol. I. pp. 318/319).

If the productivity of labour is increased by improvements of the methods of production, necessary labour goes down in relation to surplus-labour, and the rate of surplus-value goes up. The capitalist could then reduce the labour-time without a loss. This, of course, he does not do, because it is not concerned with the protection of labour-power but with surplus-value.

4. Extra Surplus-Value and Relative Surplus-Value

The improved method of production does not remain the privilege of one single capitalist for a long time. Competition forces other capitalists to introduce this method also, if they do not want to go bankrupt. The new method of production having been an exception in the beginning, now becomes the generally applied method. The former extra surplus-value of one individual capitalist disappears, because now the individual value of his commodity has become the social value of this kind of commodity. The tendency of capital to expand its value which competition forces the individual capitalist to follow, constantly urges him to gain extra surplus value, so that this process of increasing productivity will be repeated again and again.

Considering society as a whole, the rush after extra surplus-value of all individual capitalists leads to a constant increase of relative surplus-value by shortening necessary labour-time. As those capitalists who produce the necessary means of subsistence for the workers, also constantly improve their methods of production, the labour time socially necessary for producing these means is reduced. Consequently the necessary labour-time of the entire working-class decreases, and the surplus-value of the entire capitalist class goes up. In this roundabout way *all* capitalists profit by the rising productivity of those capitalist firms that manufacture the necessary means of subsistence of the working class.

Section 5: The Methods of Producing Relative Surplus-Value

Capital aims at the maximum expansion of its value, i.e. the highest possible rate of surplus-value ($\frac{S}{V}$) and mass of surplus-value ($\frac{S}{V} \times V$). Not only does it want to extend the working-day of the individual worker as much as possible while employing many workers simultaneously, but the capitalists also intend to constantly increase the productivity of labour in order to gain extra surplus-value. Taking society as a whole this leads to a continuous increase in relative surplus-value. We will now outline the methods of producing relative surplus-value dealing mainly with the following:

1. Simple co-operation
2. systematic division of labour
3. the technological application of natural science or the use of machinery.

It is the use of these three methods that completely transforms the social labour-process completely giving a specifically capitalist form. While, however, by simple co-operation and systematic division of labour the *subjective part* of the labour-process is changed, it is by the technological use of natural science that the *objective side* of the labour-process, namely the instruments of work, change their form.

Simple co-operation is a form of work which also exists in pre-capitalist modes of production. Systematic division of labour and the machinery-system, however, are forms of the labour-process which were developed under capitalism. On the one hand, both these forms characterize two historical stages of capitalism (the period of manufacture about 1550 to 1775 and the period of modern industry from 1800 on-

wards). On the other hand, they exist simultaneously today, for the division of labour does not disappear when machine production is fully developed.

The Connexion between Rising Productivity and Extra Surplus-Value (compare p.47).

Starting point: Social average of productivity:

1 worker produces 8 pairs of gloves (value £12) in a working day of 8 h.
Means of production = £4. Surplus-labour = 6 h, necessary labour = 2 h.

Number of pieces	Value of product $c + v + s$	Means of production (c)	Product of value (v + s)	Wages (v) product of value of 2 h	Surplus value (s) product of value of 2 h	Rate of surplus-value $\frac{s}{v}$
8 pairs	£12	£4	£8	£2	£6	$\frac{6}{2} = 3 = 300\%$
1 pair	£1.50 p	£0.50 p	£1	£0.25 p	£0.75 p	$\frac{75}{25} = 3 = 300\%$

Increase in productivity in one firm:

1 worker produces 16 pairs of gloves within a working-day of 8 h.

Number of pieces	Value of product	Means of production (c)	Product of value	Wages (v)	Surplus-value (s)	Rate of surplus-value
16 pairs	£16	£8	£8	£2	£6	$\frac{6}{2} = 3 = 300\%$
1 pair	£ 1	£0.50 p	£0.50 p	£0.12.5	£0.37.5	$\frac{37.5}{12.5} = 3 = 300\%$

Extra surplus-value: After introducing the improved method of production, the capitalist does not sell a pair of gloves at its individual value of £1, but at £1.40 p, while the social value of the gloves is still £1.50 p.

$\text{£1.40 p} = c + v + s + \text{extra surplus-value} = 50 + 12.5 + 37.5 + 40.$

His extra surplus-value per day with 16 pairs of gloves amounts to

$16 \times 40 = 640 = \text{£6.40 p.}$

His total surplus-value goes up from £6 plus further £6.40 p to £12.40 p.
His individual rate of surplus-value then is:

$$\frac{600 + 640}{200} \left(\frac{s + \text{extra surplus-value}}{v} \right) = 6.2 = 620\%.$$

1. Simple Co-operation

The capitalist mode of production historically began in the way that several craftsmen were employed in a capitalist manufacturing plant

working in simple co-operation. For example, 30 previously independent shoemakers worked together in one room though everyone still carried out on his own all the various operations of the labour-process necessary to produce a pair of shoes. In this case co-operation just meant that the labourers worked in the same room.

Simple co-operation in the labour-process has a three-fold effect on the process of creating surplus-value. The workers jointly use part of the means of production, namely buildings, containers, heating, lighting. Accordingly the value of the single commodity decreases, because a smaller part of the value of the constant capital is transferred to every single product. Though the costs for the used raw materials remain the same, the costs for the jointly used means of production decrease relatively. The cost of heating for a room with 30 workers is not ten times as much as for a room with three workers, but maybe just three times as much. In the same proportion the value of the single commodity goes down. Furthermore the mere contact of 30 workers producing together will usually lead to an increase in efficiency of many or even every worker: 30 jointly producing workers will produce more than 30 workers who work in separate rooms, alone with their monotonous jobs. Thus the value of every single commodity goes down and the surplus-value of the individual capitalist goes up. (extra surplus-value).

The third important advantage of simple co-operation for the capitalist is that the capacities of the different individual workers are averaged out when many labourers are employed simultaneously: a small capitalist who only employs two or three workers may be at a disadvantage in case these labourers work slowly or in a careless way. If a capitalist employs 100 workers, he is better protected against this disadvantage. Among these workers he will usually find about the same number of slow and quick workers, while most of them probably work at an average skill and speed, so that individual working capacities compensate for one another towards the social average.

2. Systematic Division of Labour

Simple co-operation of many workers in one manufacturing plant is the pre-condition for another increase in the productivity of labour: all the separate operations necessary for making a product can be divided up among the workers. For example, ten shoemakers out of 30 only produce soles, while ten others only fabricate uppers, and the rest of them only put these parts together. Then the commodity is no longer the individual product of an independent craftsman, but the collective product of a group within which every single worker only carries out a certain detail operation.

This principle of division of labour was developed in the capitalist manufacturing plants of the 17th and 18th centuries. These manufactories were big workshops in which many workers were concentrated and did jobs based on handicraft but really being mass production by division of labour.

The principle of division of labour has important consequences for workers as well as capitalists:

1. The workers gradually lose their ability to produce more than just detail products. Their job which formerly was relatively many-sided (e.g. the job of a shoemaker who produced shoes of various forms and qualities) loses its full content and turns into a one-sided, mechanical, monotonous operation. This one-sidedness went so far as to make workers (in the production of needles) produce just the pin-heads, while others just had to sharpen the needles.
2. The systematic division of labour demands a completely new operation in addition (there has to be someone to co-ordinate the different detail operations. In capitalist production this job is done on behalf of the capitalist either by himself or by people employed for the direction and control of the production-process, such as managers, foremen, shopwalkers, etc. The capitalist production-process has two sides, however. It is a labour-process for the production of certain use-values, and at the same time a process of expanding the value of capital from which the utmost possible surplus-value should result. If the job of direction and co-ordination which is necessary in any labour-process based on division of labour, is done by the capitalist or his representatives, this has the following consequences: as the capitalist is mainly interested in the expansion of value, his job of directing and co-ordinating the labour-process is completely determined by the motive of sucking as much surplus-value as possible from the workers. Therefore real co-operation between the capitalist director of the labour-process and his workers is impossible, though the division of labour demands such a co-operation. The capitalist and his representatives who command the labour-process in his name, pursue interests which are hostile to the workers. The necessary result is that the capitalist direction of the labour-process always leads to disturbance in this process.

It is for example, in the capitalist's interest to push the worker to the utmost possible speed of work. If the workers defend themselves against this, the capitalist will interpret it as laziness and reluctance to work. Only by a high percentage of wasted products will he learn perhaps that he overstrained the capacity of the workers. A similar case is the problem of prevention of accidents. If the workers demand suitable precautions against accidents for a dangerous labour-process, the capitalist will reject their demand as long as possible. For safety measures cost money, they are an additional expenditure of capital. The capitalist wants rather to gain the utmost possible surplus-value with as little capital investment as possible. He will only be convinced of the necessity of safety measures when he has a considerable loss through accidents and the resulting interruptions of the production-process.

These examples show that there is no democratic co-operation between workers and capitalist directors of the production-process. The capitalist does not discuss with the workers, nor does he accept majority decisions. He commands. The democratic equality of all citizens and of the "free" owners of labour-power ends at the gates of a capitalist factory. As soon as the worker starts his job, he is subject to the dictatorship of capital.

The capitalists know that and openly say: "Democracy in industry is as absurd as democracy in schools, barracks or jails." (translated from the German capitalists' paper "Industriekurier" 7.10.1965). In opposition to this the trade-unions try to introduce more democracy in the capitalist production-process. Trade-Union bureaucrats think in terms of capital and labour becoming equal partners with equal rights, and therefore demand "participation" of workers in directing the production-process. Strictly speaking, they demand that the workers should take part in their own exploitation, for participation does not mean that the workers can determine their labour themselves. Therefore, the transitional demand must be for "workers' control." The workers in their daily conflicts with capital have to fight for self-control of the labour-process and of the administration (management). The struggle for this aim will demonstrate that the workers are perfectly able to control their own production-process, and this experience is an important factor in strengthening their class-consciousness.

3. The division of labour not only has the effect that the individual workers unlearn their craft as a whole or don't learn the full trade any more. They also lose control over the relation of all the detail operations. As they have to do nothing but mechanical manipulations, their intellectual abilities are not being used in the labour-process and therefore cannot fully develop any longer. Thus the division of labour between manual workers and brainworkers is formed. The knowledge, the insight, and the planning towards an aim, which the independent farmer or craftsman developed in the labour-process, are no longer necessary for the detail operations but only for the labour-process as a whole. The intellectual part of the labour (idea, draft, planning) is separated from the detail labourers and is done by the capitalist and his representatives. Therefore workers often feel intellectual work to be hostile to them. Nevertheless, intellectual work is also subject to capital in much the same way as manual work. For capital uses both science and manual work for the same purpose, namely as productive forces for the creation of surplus-value.

4. For the capitalist the main advantage of the systematic division of labour is that the labour-time for producing a single product becomes shorter; the productivity of labour increases, because the individual workers now are detail workers who are more efficient than an independent craftsman. Thirty independent shoemakers could produce maybe 60 pairs of shoes per day, whereas 30 detail workers would produce perhaps 90 pairs per day, because every specialized detail worker does his operation much quicker than the independent shoemaker. The result is that the shoes which are produced in the capitalist workshop contain less labour-time than those of the simple commodity producer, the independent shoemaker. The capitalists with the most productive method of work gain extra surplus-value in comparison to those competitors with less productive methods.

If such a rise in the productive forces takes place in those industries which produce the necessary means of subsistence for the workers, the value of these means goes down, and so does the value of the labour-power, whereby the relative surplus-value of the capitalist class increases. We have seen that the increase in the productivity of labour which results

from the division of labour, is only an advantage to the capitalist, while it degrades the worker to a detail worker with completely one-sided training.

Appendix: Productive and Unproductive Labour

We have seen that in the capitalist mode of production the labour-process is no longer carried out individually, but that a number of different detail workers take part in the making of products. Each of these has a different function, from the unskilled worker to the various skilled workers and specialists and finally the foremen, administrators, managers, and directors.

Which of these employees are productive workers and which are not? We can only answer this question by asking which workers are *productive for capital*, because the capitalist form of production dominates society. What does "productive labour" mean *under capitalism*?

As far as the concrete labour-process is concerned — without taking into consideration the specific mode of production — every worker is productive who produces a use-value. The aim and purpose of the capitalist mode of production, however, is not the production of use-values but the expansion of the value of capital — money is to become more money. This aim is reached by making the worker produce surplus-value for the capitalist. In capitalist society, therefore, only those workers are productive who produce surplus-value as well as use-values. All the productive detail workers together form the total productive labour-force of a firm. Marx writes: "Hence the notion of a productive labourer implies not merely a relation between work and useful effect, between labourer and product of labour, but also a specific, social relation of production, a relation that has sprung up historically and stamps the labourer as the direct means of creating surplus-value. To be a productive labourer is, therefore, not a piece of luck, but a misfortune." (Capital, Vol.I, p.509).

The individual detail labourers take part in the work of the productive labour force (collective labourer) in various forms, as manual or as brain-workers, from the unskilled worker to the planning director. Marx writes: "So far as the labour-process is purely individual, one and the same labourer unites in himself all the functions, that later on become separated. When an individual appropriates natural objects for his livelihood, no one controls him but himself. Afterwards he is controlled by others. A single man cannot operate upon Nature without calling his own muscles into play under control of his own brain. As in the natural body head and hand wait upon each other, so the labour-process unites the labour of the hand with that of the head. Later on they part company and even become deadly foes. The product ceases to be the direct product of the individual, and becomes a social product, produced in common by a collective labourer, i.e., by a combination of workmen, each of whom takes only a part, greater or less, in the manipulation of the subject of their labour. As the co-operative character of the labour-process becomes more and more marked, so, as a necessary consequence, does our notion of productive labour, and of its agent the productive labourer, become extended. In order to labour productively, it is no longer necessary for you to do manual work yourself;

enough, if you are an organ of the collective labourer, and perform one of its subordinate functions.

As the capitalist production-process is labour-process and process of expanding the value of capital at the same time, the different jobs and workers can be determined according to their respective function in the labour-process and in the process of self-expansion of capital: Thus foremen, work study people, etc. mainly perform the function of ensuring the optimal results in the process of creation of surplus-value. These persons are necessary under capitalism to keep the expansion of capital going, but their labour is unproductive. The workers who are controlled by these people, however, do productive labour. They produce use-values and surplus-value. In reality the industrial high- and low-ranking officers of capital perform mostly dual functions: A foreman takes part in the concrete labour-process and simultaneously performs functions of control, supervision and hastening the speed of work — functions which are necessary from the viewpoint of the expansion of capital.

The commodities produced have to be sold, which takes place in the sphere of circulation, on the market. In order to make exchange possible a number of jobs are necessary which are done by circulation-workers (shop-assistants, buying agents, sales representatives, advertising experts, market research people, etc.). These employees are wage-labourers as well, but they do not add any new value to the products by their work. They only enable the exchange of commodities and money to take place. For the capitalists, these circulation workers (as all costs within the sphere of circulation) bring no profit, but have to be paid for from the surplus-value created by the productive collective labourers. The workers in the circulation produce neither use-values nor surplus-value. They are, therefore, unproductive labourers. *

The workers in the sphere of circulation, however, have in common with the productive labourers the fact that they are exploited too. They also work longer than the time in which they could produce an equivalent for the value of their labour-power. Their surplus-labour does not create any surplus-value for the capitalist, because their labour does not produce any value at all. But their surplus-labour is important for the capitalist in so far as he can keep for himself a larger part of the surplus-value created by the productive labourers, instead of having to pay it as wages for the surplus-labour of the circulation workers. The terms "productive and unproductive labour" do not imply a positive or negative judgment, but only

* There are production-processes which seem to take place in the sphere of circulation and in which the workers seem to be unproductive, for example in the transport industry. Marx writes: "The mass of products does not increase by their transport. But the use-value of things is only realized in its consumption, and their consumption may well demand a change of place, i.e., the additional production-process of the transport industry. The productive capital invested in this industry in fact adds value to the transported products, partly by transferring on to them the value of the means of transport, partly by the addition of new value through the transport labour. The latter addition of value is divided — as with all capitalist production — into the equivalent for wages and surplus-value." (translated from the German edition of "Capital", Vol.II, p.151). Therefore the workers employed in the transport industry are productive labourers.

mark the position of the labourer within the process of expansion of capital.

3. The Technological Application of Natural Science of the Machine Mode of Production

a) Division of labour and machinery

Given the systematic division of labour, craft labour still remains basic for the production-process. Production is still dependent on the strength, skill, and speed of every single worker. Real mass production, therefore, was possible only on a very limited scale in the capitalist manufactures of the 18th century. The boundless self-expansion of capital was still limited by the undeveloped technical structure of the labour-process. The methods of production of relative surplus-value had to be changed radically, if boundless self-expansion of capital was to be possible. As the division of labour was already fully developed, such a change could no longer concern human labour-power, but only the instruments of work. With this change of simple tools into a system of machines, capitalist production found the technical basis for its greed to expand the value of capital.

b) The effects of machinery on the working class

With the introduction of machinery and with the propulsion of machines by steam-power and later by electricity, the labour-process becomes relatively independent of the strength and skill of the individual worker. The character and speed of the labour-process are now determined by the mechanism of the machine. The worker becomes a helpless appendage of the machine. Marx writes about this: "In handicrafts and manufacture, the workman makes use of a tool, in the factory the machine makes use of him. There the movements of the instrument of labour proceed from him, here it is the movements of the machine, that he must follow. In manufacture the workmen are parts of a living mechanism. In the factory we have a lifeless mechanism independent of the workman, who becomes its mere living appendage." (Capital, Vol.I, p.422).

At the same time machinery deprives the worker of the last meaning and content of his labour, which becomes still more monotonous: "At the same time that factory work exhausts the nervous system to the uttermost, it does away with the many-sided play of the muscles, and confiscates every atom of freedom, both in bodily and intellectual activity. The lightening of the labour, even, becomes a sort of torture, since the machine does not free the labourer from work, but deprives the work of all interest. Every kind of capitalist production, in so far as it is not only a labour-process, but also a process of creating surplus-value, has this in common, that it is not the workman that employs the instruments of labour, but the instruments of labour that employ the workman. But it is only in the factory system that this inversion for the first time acquires technical and palpable reality. By means of its conversion into an automaton, the instrument of labour confronts the labourer, during the labour-process, in the shape of capital, of dead labour, that dominates, and pumps dry, living labour-power. The separation of the intellectual powers of production

from the manual labour, and the conversion of those powers into the might of capital over labour, is, as we have already shown, finally completed by modern industry erected on the foundation of machinery. The special skill of each individual insignificant factory operative vanishes as an infinitesimal quantity before the science, the gigantic physical forces, and the mass of labour that are embodied in the factory mechanism." (Capital, Vol.I, p.422f).

The simplification of the separate operations by machinery would allow the one-sided division of labour to be abolished. Then the workers would have a many sided field of work, and therefore, the possibility of experiencing concretely and comprehending the relations of the social production-process. But this would make a thorough technical training of the workers necessary, which, of course, the capitalists are not willing to pay for. Furthermore, they fear that workers who understand the relations of production, will recognize at the same time, that the capitalist class is not at all necessary for really social production. Therefore the one-sided training of the workers is not abolished, but even strengthened. Marx writes: "Although then, technically speaking, the old system of division of labour is thrown overboard by machinery, it hangs on in the factory as a traditional habit handed down from Manufacture, and is afterwards systematically re-moulded and established in a more hideous form by capital, as a means of exploiting labour-power. The life-long speciality of handling one and the same tool, now becomes the life-long speciality of serving one and the same machine. Machinery is put to a wrong use, with the object of transforming the workman, from his very childhood, into a part of a detail-machine." (Capital, Vol.I, p.422).

The disadvantages of machinery to the working class when used in a capitalist system are very obvious. The question is what the advantages of machinery are for the capitalist class.

c) Machinery and extra surplus-value

Capital aims at boundless self-expansion, i.e., not only at the production of absolute surplus-value by extending the working-day as long as possible, but also at the production of relative surplus-value by constantly shortening the necessary labour-time. The machine mode of production allows continuous improvements and new methods of production. Therefore it is the ideal means of producing relative surplus-value. Competition among different capitalists always leads to the introduction of better machines. And the capitalist who is the first to use machines of outstanding productivity, can appropriate extra surplus-value, because he is able to produce commodities cheaper than his competitors while selling them at the same price, (or just a little below). The individual value of his commodity then is below its social value.

d) The contradiction in production of relative surplus-value through employment of improved machinery

The competitive struggle forces the individual capitalists to constantly improve their methods of production. Therefore the capitalist who uses the best methods of production, can gain extra surplus-value only for

a certain period of time. As soon as his competitors have also introduced the new method in their firms, the social value of the commodity goes down, and the capitalist who was the first to use the new method, loses his extra surplus-value. When a capitalist applies machines which are more productive than those he had before, it means that he needs a relatively smaller labour-force, because now the same quantity of products can be produced in a shorter period of time. Part of the workers are dismissed, while the capitalist by gaining extra surplus-value still has a greater mass of surplus-value than when he employed more workers. It is only when this extra surplus-value has disappeared that it becomes obvious that surplus-value is only produced by the workers who are still employed in this firm, and not by machines or even by the dismissal of workers.

With regard to society as a whole, competition for extra surplus-value has a two-fold result for the capitalist class. On the one hand, it leads to a continuous increase in the social productivity of labour, and, therefore, to falling prices of the necessary means of subsistence. That means it shortens the necessary labour-time and correspondingly increases surplus-labour time. It leads to an increase in the rate of surplus-value ($\frac{S}{V}$). On the other hand, the effect of this competition is a relative decrease in the number of employed workers, because, once the productivity of labour has increased, a given amount of products can be produced with less expenditure of labour than before. As we know, capital aims at the utmost possible mass of surplus-value. The mass of surplus-value, however, is determined by the rate of surplus-value multiplied by the entire variable capital:

$$S = \frac{S}{V} \times V$$

The mass of surplus-value grows in the same proportion as the rate of surplus-value and the total variable capital. In dealing with the production of relative surplus-value by means of machinery, we have seen, that the rate of surplus-value can only be increased by introducing improved machinery, which means that workers are dismissed. When the rate of surplus-value increases, the number of workers is reduced. We can see then, that machinery, as the technical basis of the fully developed capitalist system, has a contradictory effect on the production of surplus-value. It increases one factor ($\frac{S}{V}$) of the two that determine the mass of surplus-value only by decreasing the other (V).

We have shown in section II, how the insoluble contradiction of the use of money as a means of saving found a new form of existence: $M-C-M'$. This infinite movement of self-expanding capital has no limits in itself. A sum of money once part of this movement, tends to increase infinitely and to approach wealth as such. Now in section V, we see how this self-expanding capital creates a technical form most appropriate to it, namely the machine mode of production, and how, on the other hand, this development of the productive force of labour leads to the contradiction between an increasing rate of surplus-value and a falling number of workers employed. Thus the movement of self-expanding value ($M-C-M'$) creates its own limits.

This contradiction, however, does not become obvious to the individual capitalist at first sight, who is the first to use a better method of production. On the contrary, by gaining extra surplus-value his mass of surplus-value has increased. But when his competitors also apply the new method and when is extra surplus-value disappears, the capitalist begins to feel the contradiction of the machine production of surplus-value. His mass of surplus-value decreases, because he only employs a smaller number of workers, even though at a higher rate of surplus-value. If you think of how this process of continuous decrease in the number of workers would end—the total automation of production—you will find that the possibility of self-expansion of capital moves towards zero. For with the development of the productive force of labour, capital cuts the ground from under its own feet, namely human labour-power as the object of exploitation.

e) The prolongation of the working-day as a result of the machine mode of production

The capitalist then tries to compensate for the loss of extra surplus-value by extending the working-day of the remaining workers. Thus the use of machinery for the production of relative surplus-value leads to an increased production of absolute surplus-value, as well. We see, that machinery while in itself being a means to shorten labour-time, under capitalist conditions leads to transforming as much as possible of the workers' free time into labour-time for capital. The introduction of machinery at the beginning of the 19th century did not mean any saving of labour for the working class, but on the contrary it meant an extreme prolongation of the working-day. Given factory production by means of machinery, it is absolutely necessary from the viewpoint of the capitalist that the working-day is extremely long. There is another reason for this: the more productive and complicated the machines are, the more expensive they are usually. They will therefore last relatively long. Competition, however, continuously leads to the introduction of even better machinery, so that the formerly new machines are out of date and, therefore, depreciated. Every capitalist tries to prevent this depreciation which threatens his machines.

He can do this only if he succeeds in having the machinery used up within the shortest possible time, so that it is possible to transfer all its value to the products, before a new machine is invented and introduced. Therefore, the shorter the period of time, in which the entire value of the machine is reproduced, the less danger of depreciation there is, and the longer the working-day, the shorter the period of time within which the value of the machine can be reproduced.

The boundless prolongation of the working-day had disastrous effects on the English working class in the 19th century. It led to extremely early mortality of the workers. In Manchester, the centre of industry at that time, the average life expectancy of a worker in the year 1875 was merely 17 years (!) whereas members of the bourgeois class could expect an average life of 38 years. In view of this situation, even the bourgeois parliament had to agree to the legal regulation of the working-day. This regulation, however, was only

enforced, because the English workers powerfully stood up for it in lengthy class-struggles. The struggle for a shorter working-day is, of course, not yet over, especially because the normal working-day of 8 hours has not been questioned for the last 50 years and the working-day has not become shorter, but in some cases even longer.

f) Intensification of labour

Given the legal regulation of the working-day, the possibilities for extending it are limited (over-time, shift-work). Therefore the capitalist has to find another method to transfer the value of his machinery to the products as fast as possible, and to compensate for the loss of extra surplus-value. This method consists in the intensification of labour, that is, in the increase of the speed of work, or in the expansion of functions of one worker (e.g., so that one worker controls and operates two machines at the same time, instead of one). The structure of the labour-process does not change, but nevertheless the capitalist succeeds in extorting more labour-power from his worker than before. As soon as the shortening of the working-day which is the pre-condition for intensification of labour, is legally fixed, the machine in the hands of capital becomes a systematically applied instrument for extorting more and more labour from the worker within the same period of time. While in manufacture such an intensification of labour was only possible by employing overseers to drive on the workers, in the factory system it simply happens by adjusting the machines and the production lines to a faster speed. Thereby the worker is forced to do the same manipulations within continuously shortening periods of time, that means to spend more and more labour-power within the same period of time.

g) Intensification of labour, the value of commodities, and the production of surplus-value

What sort of effect has the increased intensity of labour for the capitalist? Firstly, more intensive labour creates more use-values in the same period of time than less intensive labour. Because less labour-time is necessary per piece of commodity, we would expect the value of every single commodity to decrease. But in addition to the determination of the value of commodities by the labour-time, a new measure has to be considered here, namely the amount of labour-power expended. The value of a commodity is determined by the labour-time *and* the amount of labour-power spent during this time, because—as we now have seen—there are different degrees of intensity of the same concrete labour. Given a certain method of production, a very fast-working labourer can produce for example 40 pieces of commodities within 8 hours, while another labourer works less intensively, and only produces 32 pieces within the same time, using the same method of production. In this case, both labourers have worked the same time (8 hours), but the first has expended more labour-power. Therefore he has created a greater mass of value. With both workers, the production of a commodity costs the same amount of labour-power, but it is expended within different periods of time. The first worker needs 12 minutes, the second 15 minutes. The first produces 5 pieces per hour, the second only 4 pieces. This means

that more intensive labour produces greater value within the same time than less intensive labour. But the value of the single product is the same in both cases, because the greater value which more intensive labour creates per hour, is divided among a correspondingly higher mass of products.

Increased intensity of labour has the following meaning for the capitalist. When he wanted to gain a greater mass of surplus-value before the legal regulation of the length of the working-day, he would just make his labourers work longer. If a worker produces 32 pieces of commodity in 8 hours (i.e. 4 per hour), he will produce 40 pieces, as the working-day is extended to 10 hours. This extension being legally prevented, the capitalist nevertheless arrives at 40 pieces a day, namely by intensifying the 8 hours' working day. Thus, the capitalist can compensate for the loss of surplus-value by the legal limitation of the working-day by demanding more intensive labour. In the same way he can compensate for the loss of extra surplus-value. Furthermore the continuous increase in intensity of labour is a means of reproducing the value of machinery in the shortest possible time.

h) The struggle of the workers against increasing intensity of labour

Time and time again, the workers have resisted the constant increase in intensity of labour, because the growing speed of work leads to an ever increasing burden and stress on the nervous system and to the ruin of their labour power. The working class is in danger of having the use-value of their labour-power destroyed violently and prematurely by the capitalists. Here the struggle between capital and labour which historically was first fought for a shorter working-day, goes on at a new level. Compare section III, p. 34). The problem has remained the same in principle: Just as no criteria for the *length* of the working-day can be arrived at from the exchange of equivalents between capital and labour, similarly there exists no objective standard for *how much labour-power* the capitalist is allowed to extort from the worker during a normal working-day. Only violent class-struggle can decide on the intensity of labour.

But the fight of the working-class against the intensification of labour is much harder than the fight against the extension of the working-day in the 19th century, because the speed of work usually is increased when new machines and different methods of production are introduced, which the workers are not yet familiar with. Often the workers only realize after a while that the better machinery has led to an increased efficiency of labour. Marx writes: "Capital cares nothing for the length of life of labour-power. All that concerns it is simply and solely the maximum of labour-power, that can be rendered fluent in a working-day. It attains this end by shortening the extent of the labourer's life, as a greedy farmer snatches increased produce from the soil by robbing it of its fertility." (Capital, Vol. I, p. 265).

On the other hand, the introduction of new machines offers the workers the possibility of resisting the increasing intensity successfully. Work-study people and other accomplices of capital also have to gain experience with new machines. The workers can take advantage of this by working slowly when new timing has to be taken. They can then gain minutes for

themselves and slow down the speed of work. This example shows that the daily wage-labour is not only concrete labour, but also constant class-struggle of the workers against the pressure of exploitation by capital.

In today's industry the increase in the intensity of labour, which goes together with continuous improvement of machinery, is the main method of exploiting the worker. But an increasingly intensified labour is incompatible with an extremely long working-day. Therefore the capitalist agreed to the 8 hours' day not for mere kindness and benevolence, but this was economically necessary for them. Continuous increase in the speed of work is only possible when the working-day is shortened correspondingly. Vice versa every shortening of the working-day makes possible a further increase in intensity. Marx writes in this context: "There cannot be the slightest doubt that the tendency that urges capital, so soon as a prolongation of the hours of labour is once for all forbidden,, to compensate itself, by a systematic heightening of the intensity of labour, and to convert every improvement in machinery into a more perfect means of exhausting the workman, must soon lead to a state of things in which a reduction of the hours of labour will again be inevitable." (Capital, Vol.I, p. 417). The capitalists, however, will never shorten the working-day of their own accord, for they will never voluntarily renounce their surplus-value. Therefore, labour-time can only be reduced by the constant fight of the working class.

4. The Fetishism of Capital

1) When analysing the basic elements of capitalist commodity production, it was to be seen that in this society products gain power over the producers themselves. (Fetishism of commodities and money). In the first section, we saw that the private commodity producers are free and independent, i.e., they are isolated from one another. Producing in isolation, they all become dependent on the market. It is not until all commodities meet on the market, that it is decided, whether or not the individual producer will be able to realize the individual value of his commodity, i.e. whether or not the individual value proves to be identical with average social value. Therefore isolated private producers are helplessly facing the collection of commodities on the market.

The exchange-process appears as a relation between commodities, where the producers play the part of mere appendages of their products. The social relationship among people in commodity-producing society are nothing but relations between things, commodities. People do not recognize this fetishism, i.e. they do not recognize that the force on which they depend, is the result of their own labour. Therefore they are not aware of the fact that the society in which they live, is not eternal or natural, but that it is a changeable society.

The social conditions under which commodities appear as acting subjects and their producers as mere appendages, are revealed in expressions like "the commodity sells well" or "it does not sell." This reversal of man and product, where the product acts and the man is but its living appendage, can only be recognized, if it is well understood that products or use-values become com-

modities only well understood that products or use-values become commodities only in one particular form of society, and that this society is not the only possible one. Bourgeois scientists do not realize this and, making the best of the "unchangeable," they praise the "freedom" of the capitalist competitive economy. By "freedom" they mean that not human beings but only anonymous commodities on the market have power. "In a competitive economy everyone is dependent on all others but none on any particular man. Competition cannot free us from the fear of buffets of fate, of unemployment (!), poverty, and hunger. It does free us (!), however, from the fear of the power of men. Competition is the purer the more impersonal the economic relations among people are, so that the opponent of the individual is not another concrete individual but the market." (translated from Andreas Paulsen, Allgem. Volkswirtschaftslehre I, p. 44, Berlin 1968, a standard book for students of (bourgeois) economy).

How does this *reversal of man and product* appear in fully developed capitalism? If we examine the capitalist production process the concrete labour-process consists in the workers' applying and using up the means of production for a particular purpose. There is no mystery in this. But the process of production is at the same time a process of expanding the value of capital, and therefore the labour-process is only a means for the expansion of capital. The capitalist, i.e. capital personified, makes the labourer work not to produce certain use-values, but to produce value and surplus-value. We have seen before, that the capitalist is not interested in the kind of products he has produced. All that matters is that he gets more money in the end. Thus the labour-process is only a device for the expansion of value, in which capital applies and uses up the worker. The capitalist production-process turns the worker into a mere thing necessary for production, into a factor of production.

While the worker is treated as a material factor of production which is used by the capitalist in addition to other factors, the capitalist, on the other hand, appears as the producer. For example, it is said "Ford produces cars" or "Singer is building a new plant," instead of talking of the *workers* of Ford or Singer who actually produce and build.* Just in the same way,

* The fetishism was shown by the German communist writer Bertolt Brecht in his poem "Questions of a reading worker" in the following way:

Who built the Seven Gates' Thebes?
In the books, there are the names of kings
Have the kings dragged along the rocks?

Young Alexander conquered India.
Just he?
Caesar defeated the Gauls.
Had he not at least a cook with him?
Philip of Spain cried, when his fleet
had sunk. Did no one else cry?
Frederick the second won the Seven Years' War.
Who won besides him?

for example, the word "textile producer" stands for a capitalist who owns a textile plant, but not for the workers who actually produce in this plant.

As the labour-process and the process of expansion of value are just two sides of the same production-process, the workers can only be used for the expansion of capital, if the capitalist buys the means of production necessary for the labour-process. These means of production face the worker in the production-process as means of exploitation. *Therefore it seems as though the means of production in themselves, as use-value had the natural quality of being capital.* However, they are capital only because they are the private property of the capitalist and because the worker has to meet them as wage-labourer.

We see how important it is to distinguish the labour-process in general from its specific capitalist form. Having recognized what the labour-process as such is like, we can analyse the specific forms of the capitalist labour-process and find out, that these special features are by no means natural and eternal. Labour is always necessary for the maintenance of life, and people need means of production for any work at any time. The capitalist form of labour (wage-labour) and the form of the means of production (capital) are only necessary in this society, are not natural but changeable.

2) Corresponding to the two sides of the capitalist production-process there are the two sides of labour, concrete and abstract labour. There is no mystery in concrete labour. It is only through abstract labour which creates value that the products of the worker face him in a hostile way. When the worker creates value and surplus-value, these are alien to him, as they do not belong to him. The created value only concerns him in so far as he receives it in the form of wages. Surplus-value however, is used by the capitalist for the purchase of new machines and thus for the better exploitation of the worker. Surplus-value is not only alien but hostile to the worker. His product becomes a means of his own suppression.

The capital relationship forces the worker to aggravate his own exploitation with everything he produces. The worker is helplessly confronted with the power of his products, which appear as the acting subjects, as his oppressors and exploiters, as Capital. "Every kind of capitalist production, in so far as it is not only a labour-process, but also a process of creating surplus-value, has this in common, that it is not the workman that employs the instruments of labour, but the instruments of labour that employ the workman. But it is only in the factory system that this inversion for the first time acquires technical and palpable reality. By means of its conversion into an automaton, the instrument of labour confronts the labourer, during the labour-process, in the shape of capital of dead labour, that dominates and pumps dry, living labour-power. It does not lie within the nature of products of machines itself, that by pro-

Every side a victory.
Who cooked the triumphal banquet?
A Great man every ten years.
Who paid the expenses?

So many reports.
So many questions.

ducing them the worker produces his own exploitation, but within the capital relationship. If the workers would regulate and direct their own production, the very same machines by means of which they were exploited before, would help them to make their labour easier and reduce it.

3) *Just as the products of the workers appear as capital, all forces that spring from labour itself appear as the productive forces of capital.* The productive forces are increased by co-operation and division of labour, while at the same time the means of production can be used more effectively. These advantages derive from the joint labour of many workers. Historically, this organisation of labour, however, was only fully developed and used under capitalism. Therefore, it looks as though the advantages of joint labour derive from capital and not from the very nature of labour. This appearance is enforced by the fact that the forms of co-operation are not organized by the workers themselves but by the capitalists. The advantages of this organization of labour only exist for the capitalist. In capitalism, it does not benefit the workers; it even has negative effects for them. This becomes obvious, when the capitalist "saves" the money for all those means of production which protect the life and health of the workers and which could make their work more pleasant and humane.

It is not until the co-operative labour-process takes place independently of capitalism, that it can be advantageous to the workers by facilitating their labour and reducing labour-time. But as long as the capital relationship exists, fetishism, i.e., the appearance which covers up and reverses the true relations, will remain. The way in which co-operation, division of labour, and machinery are used and applied by capital, leads to the mutilation of the labour-power of every single worker who becomes a detail worker and can only function within the framework of a certain capitalist organisation of labour. He is completely exposed to the power of capital, and it seems as though he could not exist at all without capital.

The capitalist organisation of labour leads to—as became obvious during the analysis of the division of labour—the separation of manual and intellectual labour. The capitalist and his scientific handymen plan and organize; the worker just carries out what the others have thought out. This situation gets worse during the further development of capitalism, so that it seems natural to most people that there are some who only work with their hands, and others who only work with their brains. In the concrete labour-process however, theoretical planning and practical realization belong together. Under capitalist conditions these two sides develop into a hostile contradiction, as brainwork (science) contributes to the construction of machines that serve as means of exploiting the labourer. Therefore, science appears as the odd-jobber of capital, as a force belonging to capital. This, however, is not a natural quality of science, because—once the workers regulate and control their own production—they can apply science in a way useful to them.

The social productivity of labour, i.e., the productive forces of joint labour, which develop through co-operation, division of labour, machinery and the application of natural science and technology, appear as productive forces of capital. Every further development of the productive forces re-

sults from the co-operative labour of the workers (better machinery is the product of the workers), but under capitalism the increase in productivity does not benefit the workers, but is of advantage only to the capitalist as a means to increase the production of relative surplus-value. The productive forces of the worker's labour thus face him as alien and hostile things which are used by capital to further increase exploitation. If, for example, a worker, acting in good faith, proposes improvements in his firm—it is his own fault, you might say, because an "improvement" in the productivity of a firm just means increased exploitation of this worker and all his colleagues. The inventor of improved methods of production usually receives a small reward, while the capitalist can then extort much more surplus-value from his workers.

4) As we have seen, the fetishism of capital appears as the materialization of persons and the personification of things. The relationship between capitalist class and working class takes a form in which the workers appear as the passive objects of exploitation and the means of production produced by them turn into means of exploitation, because they are the private property of the capitalist. Therefore, historically, the struggle of the workers started as a fight against machines, and not yet against the relationship of exploitation hidden behind them. By destroying the means of production, the workers allowed themselves to be deceived by the fetishism of capitalist production, because the reason why the machines appear to the workers as living means of exploitation, does not lie in the nature of the machines, but in their application by capital.

It is true, though, that you cannot separate the machines from the relationship of exploitation hidden behind them and that you cannot really say that the machines per se—as they are today, but regarded independently from the capital relationship—would be useful for the needs of a socialist society. The mere construction of a capitalist machine reveals that it has a two-fold character itself, that it is built not only for the labour-process but also for the process of expanding the value of capital, that means, it is constructed regardless of the worker as a human being (unsatisfactory safety devices against accidents, noise, dirt, exhaust fume, etc.) Only under socialism will machines change their form according to their function to make work easy and to reduce labour-time. Then they will no longer face the workers as exploiters.

Section 6: The Accumulation of Capital

The process of the production of surplus-value has up to now been described as an isolated, non-recurring movement. This movement starts with the conversion of a sum of money (M) into means of production (mp) and labour-power (lp). It continues in the production-process (. . . P . . .), where commodities are produced which contain surplus-value (C'). The movement ends with the transformation of this mass of commodities into a sum of money (M') greater than the sum originally advanced. We have expressed this movement in the formula:

$$M - C = \frac{mp}{lp} \dots P \dots C' - M'$$

This formula represents the capitalist production-process as a non-recurring movement. Everyone knows, however, that production goes on and on without interruption. The hunger and greed of capital for surplus-value is never satisfied, and the workers are forced to sell their labour-power again and again, all through their lives.

The analysis of the production-process as a non-recurring process has only shown part of the reality, because production never stops. This method of analysis was necessary, however. If we want to comprehend the capitalist production-process, we cannot analyse everything at once. As the subject is very complicated, it demands that we start with the simple and basic things. Thus Marx analysed the commodity with its two functions as use-value and value, before showing, how money develops out of the value of the commodity, and how money then is transformed into capital, as soon as the human labour-power has also become a commodity. Then he has analysed the important question of how surplus-value is produced—of where it comes from—namely how it is created by

the workers and appropriated by the capitalist. All this was explained by analysing the non-recurring production-process. The next step is to find out how the relationship of wage-labour and capital changes, when the capitalist production-process is regarded as a constantly repeated, continuous process.

1. The Continuous Production Process (Process of Reproduction)

A society can only exist when people produce continuously. Continuous production demands that yesterday's production always creates in advance the pre-conditions for today's and tomorrow's production. Not only means of consumption have to be produced to the required amount, but also means of production, so that production can be continued on the same or even an enlarged scale. We have described the capitalist production-process as a process of the production of surplus-value. Whatever the specific use-value that is produced, the capitalist's sole interest is that the sum of money he has advanced, is transformed into an increased sum at the end of the production-process. This interest in the production of surplus-value urges him to invest his money not only once, but to use it continuously for the production of surplus-value. Just as the isolated, discontinuous production-process is determined by the production of surplus-value, so is the process of reproduction. The continuous production-process is a means for the capitalist to make his capital produce surplus-value continuously.

According to whether the capitalist completely consumes this continuously produced surplus-value, or whether he uses part of it for buying additional means of production and labour-force, we talk of simple reproduction or of accumulation of capital. *Simple reproduction* of capital means that the capital which is advanced for production, is not increased; production continues on the same scale. Production on a progressively increasing scale or *accumulation of capital* means, that the advanced sum of capital is increased by investing surplus-value. Therefore the scale of production is correspondingly higher.

When we look at the production process as a continuously repeated process, the relationship between the capitalist class and the working class presents itself in a completely changed light. As long as the production process is regarded as a discontinuous movement, capitalist and wage labourer face each other as individuals. When we look at the production process chronologically and on a social scale, however, it becomes clear that its not individuals who meet here, but groups of people with certain definite economic functions: On the one side those who only possess their labour power and therefore have to produce surplus-value in the capitalist production process, and on the other side the owners of the means of production who appropriate this surplus value gratuitously. The first form the class of wage labourers the others the capitalist class. The working class incessantly creates new wealth and the capitalist class appropriates it with the same regularity.

As far as class antagonism is concerned, we must analyse the changes that result from the continuity of the production process in three aspects:

1. Variable capital.
2. The entire capital.
3. The exchange of equivalents between capital and labour.

a) Changes with regard to variable capital

The production-process begins with the purchase of labour-power by the capitalist. The worker who sells his labour-power receives as an equivalent the amount of money necessary to buy his means of subsistence. The purchase (and sale) of the labour-power is repeated at the beginning of every new production period. The capitalist buys the labour-power at the beginning of the production-process, but usually does not pay it until the end of the process (after a day, a week, or a month), after the worker has expended his labour-power, i.e., after he has produced value and surplus-value for the capitalist. The worker himself has produced the value which he receives as wages. But he has produced this value in the form of commodities, while he is paid with money. This makes no difference, however, to the fact that the worker is paid with a part of the product of value that he has created. While the worker transforms part of the means of production into commodities, the capitalist transforms the commodities which the worker produced before, into money with which he pays him. Therefore, it is the worker's labour of last week or the last six months with which his labour-power is paid this week or the next six months.

The fact that the workers are paid out of the product of value which they themselves produced, becomes still clearer, if we look at it from the point of view of working class and capitalist class instead of a single worker and an individual capitalist. The entire social product of value has been produced by the working class. At first, it is entirely appropriated by the wages. The working class uses this sum of money to buy their means of power and to buy part of the commodities they have produced. At the same time, the money which they received as wages, returns from them to the hands of the capitalist class. After having consumed the means of subsistence, the workers find themselves empty-handed and with empty pockets again, and they are forced to sell their labour-power once again. The analysis of the capitalist production-process in its continuity and on a social scale has shown that the working class creates all the social wealth but that this wealth is opposed to them as the property of the capitalist class. When buying part of this wealth with their wages, the working-class at the same time parts with money, the general social form of wealth. Having no money and no other means of making a living, the working class find themselves dependent on capital. The *pre-condition* of the capitalist mode of production, namely the separation of the workers from their means of production and therefore the compulsion for the workers to sell their labour-power as a commodity, is at the same time the continuous *result* of the capitalist production-process. Marx describes the situation in the

following way: "But that which at first was but a starting-point, becomes, by the mere continuity of the process, by simple reproduction, the peculiar result, constantly renewed and perpetuated, of capitalist production. On the one hand, the process of production incessantly converts material wealth into capital, into means of creating more wealth and means of enjoyment for the capitalist. On the other hand, the labourer, on quitting the process, is what he was on entering it, a source of wealth, but devoid of all means of making that wealth his own. . . .

The labourer therefore constantly produces material, objective wealth, but in the form of capital, of an alien power that dominates and exploits him; and the capitalist as constantly produces labour-power, but in the form of a subjective source of wealth, separated from the objects in and by which it can alone be realised; in short he produces the labourer, but as a wage-labourer. The incessant reproduction, this perpetuation of the labourer, is the sine qua non of capitalist production. "Capital, Vol. I, p. 570/71).

b) Changes with regard to the entire capital

The working class creates all social wealth. In order to get the production-process going, however, a capitalist must advance money-capital for the purchase of means of production and labour-power. (This necessary advance is what the capitalist quotes in support of his appropriation of the surplus-value.) We shall find out in the section on "primitive accumulation," where this original sum of money-capital comes from (p.76) but leaving aside its origin for the moment, the following example may explain how it changes its nature in the capitalist production process.

A capitalist has advanced a capital of £10,000. At the end of the annual production-process he has gained £2000 of surplus-value, his entire capital now amounting to £12,000. The capitalist has to pay for his living. Assuming that during this period of production, he consumes means of subsistence worth £2000, the originally advanced capital is reduced from £10,000 to £8000. With the surplus-value of £2000, however, he can start off the new production-process with £10,000 again. Let us imagine that this movement is repeated for five periods of production, during each of which the capitalist consumes one fifth of his originally advanced capital. Then his capital of £10,000 is completely used up after 5 years. Nevertheless he can always continue the production-process with £10,000 each period, because he can replace the £2000 which he has consumed by the respective surplus-value of £2000.

In this example, the capitalist has completely consumed his originally advanced capital after 5 years, but is nevertheless able to continue the production-process with a capital of £10,000. That means that his capital now only consists of gratuitously appropriated surplus-value, of other people's unpaid labour. We see then that *the mere continuity of the production-process transforms any capital, whatever the actual sum, into capitalized surplus-value, sooner or later*. Even if in the beginning it was the capitalist's property achieved by his own work, after a while it has become a value appropriated without equivalent. As most of the

big firms were founded 50 or 100 years ago, it is quite obvious, that the capital of these firms today only consists of capitalized surplus-value, i.e., of the unpaid labour of others.

This is the decisive result of the analysis of the continuous production-process, namely that every sum of capital which is invested over a long period of time, consists of nothing but capitalized surplus-value. Furthermore it is obvious that the capitalist class lives on the surplus-value produced by the workers. The entire product of value ($v + s$) is created by the workers. The part of it that corresponds to the variable capital advanced by the capitalist, comes to the workers in the form of wages. The surplus-value is appropriated by the capitalists and partly used up for their living. This applies to the above example, as well, as soon as the originally advanced capital is consumed. The result is: *The working class pays to keep the capitalist class alive*.

c) The laws of property and the false appearance of an exchange of equivalents.

So far, our analysis of the capitalist production-process gives us the following results:

1. The capitalist class pays the working class with the value created by the workers themselves.
2. After a number of years, the capitalists' capital only consists of surplus-value which was converted into capital, i.e., of unpaid surplus-labour of the working class.
3. The working class pays the living of the capitalist class. Up to now we assumed that the capitalist and the wage-labourer face each other on the labour-market as free persons with equal rights. They exchange equal values. Each of them exchanges what belongs to him, his property. The worker sells his labour-power as a commodity and receives the equivalent in the form of money from the capitalist. The value of the labour-power like that of every other commodity, is determined by the labour-time necessary for its production. The man who has bought the labour-power can use it as he pleases. Thus the capitalist can arbitrarily dispose of the labour-force he has bought as commodities. The labour-power commodity, unlike any other commodity, has a specific use-value: It creates new value while being consumed, and it creates more value than it is worth itself. It produces surplus-value.

As we have seen, the workers are paid with the value which they themselves have produced. Our former assumption that everyone exchanges his property, now proves to be a false appearance. The capitalist exchanges values which the working class has produced and which he has gratuitously appropriated. Thus he exchanges values that are not products of his own labour. But according to bourgeois law, the product created by the workers is the legal property of the capitalist, because he privately owns the means of production.

Bourgeois thinking understands "theft" as the situation when somebody steals something, when one appropriates something without pay-

ing the corresponding equivalent. Bourgeois science does not analyse, however, what is going on in the sphere of production. Under existing law, no capitalist can be accused of robbing the working class, because this is not public and not immediately obvious. His permanent theft is carried out in the "hidden abode of production" (Capital, Vol. I, p. 176).

"The exchange of equivalents, the original operation with which we started, has now become turned round in such a way that there is only an apparent exchange. This is owing to the fact, first, that the capital which is exchanged for labour-power is itself but a portion of the product of other's labour appropriated without an equivalent; and, secondly, that this capital must not only be replaced by its producer, but replaced together with an added surplus. The relation of exchange subsisting between capitalist and labourer becomes a mere semblance appertaining to the process of circulation, a mere form, foreign to the real nature of the transaction, and only mystifying it. The ever repeated purchase and sale of labour-power is now a mere form; what really takes place is this — the capitalist again and again appropriates, without equivalent, a portion of the previously materialised labour of others, and exchanges it for a greater quantity of living labour. At first the rights of property seemed to us to be based on a man's own labour. At least, some such assumption was necessary since only commodity-owners with equal rights confronted each other, and the sole means by which a man could become possessed of the commodities of others, was by alienating his own commodities; and these could be replaced by labour alone. Now, however, property turns out to be the right, on the part of the capitalist, to appropriate the unpaid labour of others or its product, and to be the impossibility, on the part of the labourer, of appropriating his own product." (Capital, Vol. I, p. 583/84).

2. The General Law of Capitalist Accumulation

a) The accumulation of capital

It is not enough for a sum of money to expand its value *once*; it has to expand its value continuously, on a progressively increasing scale. This inner tendency of capital is forced upon every individual capitalist by competition. In order to survive, he has to enlarge his plant constantly, that is to convert a large part of the produced surplus-value into additional capital, and to buy additional means of production and labour-force. "Employing surplus-value as capital, reconvertng it into capital, is called accumulation of capital." (Capital, Vol. I, p. 579). The process of expanding the value of capital is by its very nature a process of accumulation, i.e., constant growth of the original sum of capital. The motto of every individual capitalist must always be—as Marx writes— "Accumulate, accumulate! That is Moses and the prophets!" (Capital, Vol. I, p. 595).

It is only by constant accumulation that the production of surplus-value can increase continuously. And vice versa it is only by a constant increase in the production of surplus-value that continuous accumulation is possible. "All methods for raising the social productive power of labour that are developed on this basis, are at the same time methods for the

increased production of surplus-value or surplus-product, which in its turn is the formative element of accumulation. They are, therefore, at the same time methods of the production of capital by capital, or methods of its accelerated accumulation. The continual re-transformation of surplus-value into capital now appears in the shape of the increasing magnitude of the capital that enters into the process of production. This in turn is the basis of an extended scale of production, of the methods for raising the productive power of labour that accompany it, and of accelerated production of surplus-value." (Capital, Vol. I, p. 624).

What are the implications of the constant accumulation of capital for the working class? To answer this we must first analyse the influence of accumulation on the relations between the two component parts of capital (constant and variable capital), because the situation of the working class largely depends on the amount of variable capital in society as a whole.

b) Changes in the organic composition of capital

The capitalist production-process means commodity production. Commodities have a two-fold nature, they are a unity of use-value and value. Just like the commodities produced, the production-process also has a two-fold character. It is at the same time labour-process for the production of use-values, and process of expanding the value of capital for the production of value and surplus-value. The factors of production bought by the capitalist, means of production and labour-power, have to perform the two-fold function of being factors of labour and factors of the expansion of value at the same time.

The capitalist needs a certain amount of both factors of production. The level of productive forces will determine the proportion between the amount of means of production and the labour force, which corresponds to a certain ratio between the values of constant and variable capital. If the productiveness of labour is increased through technical improvements, i.e. if the worker produces more than before within the same period of time, he uses more means of production. Hence the ratio of means of production to labour-power and of constant to variable capital changes. When such an increased productiveness of labour leads to a change of the ratio of the value-side (ratio of constant capital to variable capital), Marx talks of a *rising organic composition of capital*.

As on the use-value-side the amount of means of production increases as compared to the mass of labour-force, on the value-side the constant capital increases at the expense of the variable capital. Given for example a sum of capital of 100, of which originally 80 form the constant capital and 20 the variable capital. When the productiveness of labour is increased, the portion of the constant capital may rise from 80 to 90, while the variable capital decreases to 10. We will consider the consequences which the rising organic composition of capital has for the working class after having analysed the centralisation of capital, because it is by centralisation that the accumulation is further accelerated.

c) Centralisation of capital

The movement of capital does not exhaust itself in accumulation, i.e., in the continuous transformation of surplus-value into additional capital. There is a fierce competitive struggle among the individual capitalists. Everyone has to produce as much as possible and to sell the products as cheap as possible. In this competition those capitalists win who have created the best conditions of production for themselves. Small and medium-size firms are bought by bigger ones or two big firms merge in order to eliminate a third one. This process is the centralisation of capital what Marx calls 'centralisation' is usually known as 'concentration' today. Often it takes place by the formation of limited companies. (Shareholders' companies).

The centralisation of several individual capitals into a bigger one accelerates the accumulation of capital: the bigger capitals have much better financial resources to introduce new machines and other technical improvements than their smaller competitors. Therefore the productivity of labour increases much more rapidly in big capitalist enterprises. Hence, surplus-value and consequently the amount of capital that can be accumulated, is increased. This increased value allows the introduction of new methods of production, which again means that the growth of the organic composition of capital is additionally accelerated." The masses of capital fused together overnight by centralisation reproduce and multiply as the others do, only more rapidly, thereby becoming new and powerful levers in social accumulation. Therefore, when we speak of the progress of social accumulation we tacitly include the effects of centralisation." (Capital, Vol.I, p.628).

d) Reserve army and industrial cycle

Continuous growth in the organic composition of capital means that the variable capital decreases in comparison with the constant capital. Given rising productivity, the workers produce more than before in the same period of time. They do more surplus-labour and create more surplus-value, which can be accumulated. The capital which is increased by accumulation has to transform part of the surplus-value into constant and another part into variable capital. There are two possibilities for doing this: either the scale of production is simply extended with the technical level remaining constant, in which case the mass of workers grows absolutely, or new technical improvements are introduced, in which case the number of workers decreases relatively.

The demand for labourers is not determined by the amount of the entire capital, but by its variable component. Total employment depends on the organic composition of capital in society as a whole. Though the variable component of capital may rise in absolute figures, it necessarily decreases in relation to the constant capital, when the organic composition of capital rises. The bigger the entire capital, the more rapidly does the organic composition rise, and the more accelerated is the decrease of variable capital as compared to the constant part. The faster this movement progresses, the smaller the labour-force employed by capital.

The supply of labourers then exceeds the demand. Part of the workers cannot sell their labour-power any longer and they lose their jobs. Marx calls this part of the working class the *industrial reserve army*.

The following remarks are necessary because they point to the actual conditions on which the movement of the industrial reserve army, its growth or decline, largely depend. These conditions cannot yet be developed and explained systematically, but a short outline may suffice at this stage.

It is the aim of the capitalist to bring all available means of production and labour-force under the command of capital and to apply them in the capitalist production-process. Production, however, is not always in full swing. Machines are partly at a standstill, raw materials are lying about the premises of the factory, commodities pile up in the store-house, because they cannot be sold. Consequently, there are dismissals, while raw materials spoil and machines wear out. As the market is slack, i.e., not all the produced commodities can be transformed into money, only a limited expansion of the value of capital takes place, and accumulation decreases.

The capitalist process of accumulation does not run smoothly. Periods of flourishing business alternate with slackness and stagnation. As a rule, the process of accumulation of capital undergoes a constant "up and down" movement. Marx calls this the *industrial cycle* (usually called "business cycle"). This cycle includes five phases that follow one another and indicate the respective situation of production. Marx calls them the periods of moderate activity, prosperity, over-production, crisis, and stagnation. (Capital, Vol.I, p. 453).

Though it is impossible at this stage to explain the reasons for this cyclical movement of the capitalist process of reproduction, we can describe the effects of the industrial cycle on the labour situation of the working class. According to the state of business the demand of capital for labour increases or decreases. In the phase of prosperity and over-production demand may well exceed the supply of labour. The workers who previously formed the reserve army then find jobs, and wages increase because capital needs more workers than there are. In a crisis, however, or in the situation of limited production, large numbers of workers are dismissed, the reserve army grows again; wages decrease, and many of those who don't get the sack often have to be content with short-time work and correspondingly lower wages. Short-time work is very popular today as a means of disguising the growth of the industrial reserve army. The short-time worker remains in the firm but he has to sell his labour-power below its value. He is unemployed himself in proportion to the shorter period of time he works. Thus he is also part of the reserve army.

The movement of accumulation and the industrial cycle determine the number of people in the reserve army, i.e., they determine how many workers can sell their labour-power at a given time.

e) The effects of the accumulation of capital on the situation of the working class

As not all workers can sell their labour-power, the working class is split into two, into the active part (the employed workers) and the passive part (the unemployed). The capitalist class can play the two parts of the working class off against each other. The unemployed compete with the employed workers for the available jobs. This competition between workers enables the capitalists to keep wages down. The unpaid surplus-labour increases in comparison with the paid labour. This means that additional surplus-value is produced. The capitalists convert the increased surplus-value into additional capital. New technical improvements can be introduced, so that the organic composition of capital is rising more and more.

This process is called "rationalization." Technical improvements render more and more workers superfluous. If production is not increased to the extent that a sufficient number of new jobs is available which could absorb the workers who have been "rationalized away," the industrial reserve army grows constantly.

Marx shows then, that in the long run the rise in the organic composition of capital progresses much faster than the absolute extension of production. While the social capital as a whole grows at a certain speed, the variable part of the capital decreases at a higher speed. Therefore, the industrial reserve army grows in the same proportion as the accumulation and centralisation of capital progresses and the share of the workers in the total social wealth declines. The greater the social wealth, the more capital on the market and the higher the rate of its growth, the bigger becomes the industrial reserve army and the poverty of the working class as a whole. This development is the necessary result of capitalist production. As Marx writes: "It is the absolute general law of capitalist accumulation. Like all other laws it is modified in its working by many circumstances." (Capital, Vol. I, p. 644).

The bourgeois "critics" of Marxist theory attempt to refute this law by referring to the situation of the workers in today's industrial nations of the western world. They state that the "theory of pauperization" has proved to be wrong, and that Marx and the class-struggle are completely products of the 19th century.

What they "forget" in their "argument" is:

1. Though today in some capitalist countries the material standard of living of the working class has relatively improved compared with the 19th century, this does not disprove the general law which Marx formulated.

The relatively high standard of living of the working class in some countries is in strong contrast to the oppressed situation of the workers in those capitalist countries that are kept underdeveloped. It becomes obvious that we cannot apply the *general law* to the situation of the working class *in just one country*. The law that the growing wealth of the capitalist class includes the growing poverty of the working class applies to the capitalist world market as a whole. The *favourable conditions for accumu-*

lation of capital in the western European countries and the relatively high standard of living in these countries are directly related to the situation in the underdeveloped countries. The countries of the Third World depend upon exchange with the leading capitalist nations and are placed at a disadvantage in spite of the exchange of equivalents.

In the same way as the individual capitalist is enabled by more productive methods of production to gain an extra surplus-value compared to his competitors, the developed countries when exchanging *with underdeveloped countries* which are at a much lower level of labour productivity, can gain immense extra profits. On the world market it is only the necessary average of labour-time that counts, so that the underdeveloped countries are forced to sell their commodities below their national value. Therefore, the relatively high living-standard of the workers in the leading capitalist countries is connected with the extra profits of these countries. *Such a high standard of living therefore can never exist in all capitalist countries at the same time*, for it is based on the misery in the countries of the Third World which are kept dependent upon the others.

Such a misery, however, does not only exist somewhere far away in Asia, Africa, and South America. Europe, as well, has its reserve army and its underdeveloped countries in the mediterranean area. In West Germany, for example, there are nearly 2 million "guest workers" from Italy, Spain, Greece, Yugoslavia, and Turkey. These workers are forced to leave their countries and usually their families, too, in order to find a job in those capitalist countries, where the conditions of accumulation are at present better. The whole capitalist part of Europe thus forms a more or less undivided labour-market, and it depends upon the chances of expansion of the different national capitals, how many and which workers can find a job, and at what time, at what place and for how long they can perform it.

Thus, all European wage-labourers—not only those from Southern Europe—live in constant uncertainty about whether they can keep their job or whether they will lose it. As wage-labourers they are all "guests" with the capitalists, after all, and they can be given the sack at very short notice. The fact that at the moment the European reserve army mainly consists of South European people does not exclude the possibility that—maybe tomorrow—English workers will have to go to West-Germany or France to work there as "guest-workers."

2. The bourgeois press and government announce nearly every day, that the workers in Britain are well off, or they complain about the workers' "selfishness," when they claim higher wages. The standard of living never was as high as it is today—so we hear. What does "high standard of living" mean, however?

Marx summarizes the results of the analysis of the production of surplus-value in the following way: "Within the capitalist system all methods for raising the social productivity of labour are brought about at the expense of the individual labourer; all means for the development of production transform themselves into means of domination over, and

exploitation of, the producers; they mutilate the labourer into a fragment of a man, degrade him to the level of an appendage of a machine, destroy every remnant of interest to his work and turn it into a hated toil; they estrange from him the intellectual potentialities of the labour-process in the same proportion as science is incorporated in it as an independent power they distort the conditions under which he works, subject him during the labour-process to a despotism the more hateful for its meanness. They transform his life time into working-time, and drag his wife and child beneath the wheels of the Juggernaut of capital. But all methods for the production of surplus-value are at the same time methods of accumulation; and every extension of accumulation becomes again a means for the development of those methods. It follows therefore that in proportion as capital accumulates, the lot of the labourer, be his payment high or low, must grow worse." (Capital, Vol. I, p. 645).

In the highly developed capitalist countries, the workers indeed have a relatively high "living-standard" if we simply regard them as consumers during their leisure-time. If we enquire, however, about the "living-standard" during the labour-time which makes up the largest part of a worker's life, we find that the working class is subject to the despotism of capital just as before. What "living-standard" really means for the worker, cannot be concluded from his leisure-time, but mainly from his daily labour-process.

On the basis of modern industry, masses of capital are incessantly transferred from one branch of production into another, and the workers are forced to follow capital. Therefore the insecurity of their existence constantly increases and the more so, as the workers' training gets more and more one-sided and specialised as a result of the division of labour. On the one hand, they have to be able to find their way in all branches of production, if necessary, on the other hand, they cannot do this, because they are only trained in very specialized knowledge and skill. Even retraining courses are more of an additional burden than real help, because the result of these courses is again just a specialized detail-worker. Marx shows, how this contradiction between the effects of the capitalist division of labour on the worker and the requirements of modern industry "dispels all fixity and security in the situation of the labourer; how it constantly threatens, by taking away the instruments of labour, to snatch from his hands his means of subsistence, and, by suppressing his detail-function, to make him superfluous." (Capital, Vol. I, p. 487).

If the workers have got a job, they suffer from the high intensity of labour. It is in the interest of capital to increase the speed of work constantly. Capital does not care about the debilitating effect that this has on the workers. Today the main cause of premature invalidity is the effect that the increasing speed of work has on the workers' nervous system which often becomes completely shattered. According to bourgeois investigations in West Germany, every fifth worker suffers from some psychological illness, 600,000 of these incurably. But it is not just the workers' nerves that suffer during the production-process. The workers' very lives are frequently in danger during the production process. The

3. What Bourgeois Science Has to Say About Capitalism

In Sections II to V we analysed the process of expanding the value of capital ($M-C-M'$). We found that capital only expands its value by exploiting wage-labourers and by appropriating the surplus-labour of the proletariat gratuitously. In Section VI it was explained, how surplus-value is converted into additional capital. It became clear that the entire capital is gradually transformed into capitalized surplus-value. Therefore, *"capital" is nothing but the wealth which the working class have produced and the capitalist class have appropriated.*

It is easy to understand that the capitalists and their scientific lackeys have no interest whatsoever in spreading this sort of knowledge. Their interest is, on the contrary, to prevent insight into the real mechanism of the capitalist mode of production, to throw dust into the eyes of the working class (often deceiving themselves in the process), about the relationship of classes and exploitation. The "theories" which are put into the world for this purpose, are widespread and often believed, because the relationship of capitalist exploitation is not openly visible, but can only be comprehended by the aid of scientific Marxist analysis. Therefore, we are going to outline and criticise the most important bourgeois "theories" on capital and surplus-value.

a) What bourgeois scientists understand by "capital"

1. Capital as the produced means of production.

The question 'what is capital' is often answered by saying: productive facilities, plants, factory buildings, machines, tools. They are said to be capital, because they have not been produced for immediate consumption, but serve the production of new commodities. They are capital, because they are means of production, and the person who uses and applies them is a capitalist.

This sort of definition is to "prove" that capitalism is as old as mankind and will exist as long as mankind exists. For there is no social process of labour which could be carried out without using means of production. The definition, however, proves at best that there are also "capitalists" in the animal world. The monkey in the zoo who looks for a stick in order to fish for a banana from outside his cage, uses means of production and, is therefore by this definition a capitalist!!

The illusion that the means of production as such are capital, necessarily comes from the nature of the capitalist mode of production. When the workers sell their labour-power, they meet the capitalist as the owner of the means of production. The capitalist is able to appropriate the surplus labour of the worker by using these means of production as means of exploitation. Marx writes: "Constant capital, the means of production, considered from the standpoint of the creation of surplus-value, only exist to absorb labour, and with every drop of labour a proportional quantity of surplus-labour." (Capital, Vol. I, p. 256).

In the capitalist production-process, the means of production do not

only function as simple instruments of labour, but also as means of capital expansion. From this results the appearance that exploitation is a relationship between the worker and a mere thing, the means of production. We know, however, that exploitation is a relationship between human beings, between classes. Only when the owners of nothing but labour-power face the class of owners of the means of production, and when they are forced to sell themselves to the capitalists, do the means of production function as capital. Then the capitalists are able to appropriate unpaid surplus-labour from the working class. In communism, however, where the means of production are the collective property of the workers, they no longer function as capital but simply as instruments of labour for the production of use-values.

Marx writes about the "theory" of capital being just the produced means of production: "The practical agents of capitalistic production and their pettifogging ideologists are as unable to think of the means of production as separate from the antagonistic social mask they wear today, as a slave-owner to think of the worker himself as distinct from his character as a slave," (Capital, Vol. I, p.608).

2. Labour-power as the worker's "capital."

Apart from the confusion of means of production and capital, there is another opinion often held, namely that the worker himself is a capitalist. Even in a paper of the West German trade-union-bureaucrats of the chemical workers union ("Gewerkschaftliche Umschau" 1969) we can read: "The capital of the worker is his labour-power, the capital of the employer is his property." This view proceeds on the assumption that the worker is not without property but owns his labour-power. This commodity can be sold for money, with which the worker can buy his means of subsistence. By consuming these means he reproduces his labour-power and is able to sell it again. This constantly repeating process guarantees him a continuous life-long income. Therefore he is not different from the capitalist who also gets an income all his life as the owner of the means of production.

It is certainly true, that both classes get an "income" — the capitalist class, because they own the means of production, and the working-class because they own their labour-power. But *the mere possession of a commodity makes no one a capitalist*, nor does the possession of labour-power. For the worker cannot make anything of his labour-power as such. He cannot use it for himself, because he does not own any means of production. He has to sell it. His wages just correspond to the value of the labour-power, i.e., are just enough to reproduce the labour-power which was used up in the capitalist production-process. The continuous sale of his labour-power does not win the worker any wealth, but just keeps him alive.

Things are different for the capitalist. His money and his means of production actually become capital only by the purchase of labour-power. It is not until the capitalist makes the labourer work that the labour-

power becomes the source of surplus-value, but this surplus-value does not belong to the worker but to the owner of the means of production. And it is only by this process that the owner of the means of production becomes a capitalist, whereas for the worker the surplus-labour is just the pre-condition for his being able to live at all under this system.

b) How the appropriation of unpaid surplus-labour is justified

It is not clearly visible that surplus-value is the result of the capitalist production-process, i.e., of the exploitation of labour-power. The only thing the capitalist knows and is interested in, is that he has more money at the end of the business year than at the beginning, this means that he has made a profit. It is of little importance to him, where exactly this profit comes from — what matters is that the profit is there. Consequently, bourgeois theories do not try very hard to explain the origin of this profit, but mainly try to defend and justify the appropriation of this profit by the capitalist.

1. Profit as a compensation for the capitalist's abstinence from consumption

When someone invests his money in means of production instead of spending it on private luxury and of wasting and dissipating it, he lives in abstinence from luxury. Instead of living a wonderful life, he "invests". He only does this, however, if his money is increased as a result, i.e., if he gets a compensation and reward for his abstinence from consumption. This is exactly the case with the capitalist who abstains from pleasure in order to provide jobs for other people. This unselfish and resigned attitude must be rewarded, of course. And the capitalist's reward is his profit.

The answer to such an opinion must be that it does not rest with the capitalist whether he invests his capital productively or whether he dissipates it in luxury. Competition forces him to accumulate continuously. If he wants to hold his ground as a capitalist, he cannot consume his wealth individually. If he spends all his money, he himself becomes a wage-labourer.

Surplus-value does not originate from the abstinence of the capitalist, but on the contrary from the forcible abstinence of the worker from appropriating the surplus-product which he himself has created. The capitalist can use this surplus-product to increase his capital on the one hand, and to lead an extravagant life as well.

Marx already knew a good remedy for the "qualms of conscience" of this strange capitalist who is said to have to fight continuously against the temptation of dissipating his capital in luxury, namely the expropriation of the capitalists by the working class: "The simple dictates of humanity therefore plainly enjoin the release of the capitalist from his martyrdom and temptation, in the same way that the Georgian slave-owner was lately delivered, by the abolition of slavery, from the painful dilemma, whether to squander the surplus-product, lashed out of his niggers, entirely in champagne, or whether to reconvert a part of it into more niggers and more land." (Capital, Vol. I, pp. 597/98).

2. Profit as a reward for taking risks

It is a difficult decision for the capitalist to use his money as capital, for he then runs a great risk. The expansion and increase of his capital is not by any means guaranteed in advance. He may be cheated with the purchase of raw materials and receive bad stuff. Damages and accidents could happen during the process of production. Strikes can bring the entire production to a standstill. The capitalist can be forced by an unfavourable market situation to sell the commodities produced below their value. In an extreme case, the result of the whole process of expansion of capital can be bankruptcy of the firm instead of profit. The capitalist only undertakes such a risky adventure, if there is an adequate reward in store for him. He receives this reward in the form of profit.

This theory only expresses the truism that in capitalist society which is dominated by competitive struggles and class struggles, the lives of the ruling class are not without dangers either. As far as the production-process is concerned, however, the risk of the worker is certainly greater than that of the capitalist. Once the process of reproduction stagnates, it is the worker who is fired, not the capitalist. Accidents in the production-process mostly hit the worker and do not do much damage to the well insured capitalist. It is true, though that the capitalist runs the risk of having to sell his commodities below their value. But likewise he may have the chance of selling them at their value or even above. The state of the market decides whether the capitalist can keep all the surplus-value which he extorted from his workers, for himself, or whether he has to give a part of it away to the buyers of commodities.

This dependance of the individual capitalist on the risks of the market will last as long as the workers do not put an end to their dependance on capital. The proletarian revolution will do away with the "risks" and "adventures" of the capitalists.

3. Profit as wages for the employer

In order to keep a modern capitalist firm really going, the work of the wage-labourers is not sufficient, but someone must also be in charge of the management, planning and organisation. These executive jobs can only be done by the employer. * The employer is responsible for the whole firm and spends his labour-power (just like the wage-labourer) day after

* A bourgeois "scientist" drivels about the "creative activity of employers" in the following way: "Capital would be dead, if it was not animated by the activity of the employer. And what is more essential the labour would be rough and unproductive if it was not arranged, trained and led by the employer. The social resentment, that stems from the cast-iron early days of industry and was nourished by Marxism as well as by the sympathy and guilt complex of the bourgeoisie, has led to the overestimation of the worker (!) . . . Did the workers by any chance lay the foundation of German mechanical and electrical engineering . . . ? Who was it that put capital and labour into motion if not the chosen leading social strata, outstanding from the mass of performing labour by talent and education, those strata whose decisive core is the strength of the industrialist? " (Translated from Josef windschuh: The three-fold value of the freedom of industrialists, in: Vortragsreihe des Deutschen Industrieinstituts No. 6, 1966).

day on all those jobs necessary to make the enterprise run smoothly. This activity involves a great physical and especially nervous stress, so that often cardiac complaints, circulatory collapse, and nervous breakdowns are not long in coming. Just like the other workers, the employer has to reproduce his labour-power constantly which he is able to do, because a profit comes to him continuously. This profit is the wages for his activity as an employer.

We have seen in Section V that the production-process as based on the division of labour, makes necessary the function of leading and coordinating the various detail-jobs, so that systematic and efficient work by the collective labourer becomes possible. Now it became obvious however, that in the capitalist mode of production the leading activity of the employer is at the same time in the interest of capital-expansion and exploitation, (supervision, control, driving). Whereas the job of supervision does not create any value, the labour-power which is spent on planning and organising the concrete labour-process, forms a part of the value of the products created by the productive collective labourer.

The employer spends his labour-power on both supervision and organisation of the concrete labour-process. If he employs special wage-earners for these jobs, (which usually is the case), he has to pay them according to the value of their labour-power. If he does the management jobs himself, he regards the resulting profit as "wages" for his own labour. Whereas, however, the wages of the normal detail-workers are determined by the value of their labour-power, we have to ask what regulates the amount of these special "wages for employers." The employer does not sell his labour-power at all. The actual sum of his salary depends on the rate of surplus-value and is identical with the mass of surplus-value produced by the workers in his firm. Here, it becomes obvious that wage-labour and the "employer's activity" are entirely different. The "labour" of exploiting others is rewarded by the surplus-value with which the capitalist can accumulate and lead a good life at the same time. The labour of the exploited workers, however, has the result that they can just reproduce their lives as wage-labourers.

The labour of the employer does not create the least bit of surplus-value. Its result is at best that the mass of surplus-value produced by the workers appears in a higher rate of profit. The employer does not calculate the surplus-value in relation to the advanced variable capital (S_v), but in relation to the entire capital ($c + v$). If by exceptionally good planning and organisation, he succeeds in extorting from the workers a surplus-value of 100, while only advancing $200 c + 100 v$ instead of $300 c + 100 v$, he reaches a rate of profit of $100/300$ instead of $100/400$, that means of 33% instead of 25%.

The mass of surplus-value remains the same; it just appears at a higher rate of profit, a higher percentage of the entire capital.

The appearance that the employer also is just a worker, comes up necessarily whenever the employer does not run the business with his own money, but with loans. Then he has to give a part of his surplus-value as interest to the money-lender who does not have to lift a finger

for this interest. But the employer has to extort the surplus-value from his workers, that means he has to make the "effort" of exploiting them, for which he takes a part of the surplus-value as "wages for this labour."

The "theory" about profit being wages for the employer's labour reveals its nonsensical nature as well as its rational core, when we look at those forms of capitalist enterprise which dominate today; the trusts and limited companies. There are no employers like those described at all. All the people working in a company from the unskilled labourer to the highest manager are labour-power bought on the market. This also applies to directors and managers who carry out the jobs of administration and organisation which allegedly can only be performed by the employer. With regard to these modern forms of enterprise, Marx wrote "The capitalist production has led itself to the point where the labour of organisation runs around the streets completely separated from the property of capital. Therefore it has become useless that the labour of organisation is carried out by the capitalist." (Translated from Capital, Vol. III, p. 400).

The hierarchy of wage-labourers inside the firm face the owners of the capital outside the firm, the shareholders, who just pocket the surplus-value in the form of annual dividends without the least bit of work. As Marx writes, this development took away "the basis for the last pretence of the capitalists for confusing the employer's profit and the wages for administrative labour; and the profit appeared in practice as what it undoubtedly is in theory, as mere surplus-value for which no equivalent was paid, as unpaid labour." (Translated from Capital, Vol. III, p. 403).

4. The so-called primitive accumulation of capital or violent primitive expropriation

The answer to the question how to become a capitalist often is that you have to work your way through to the top. Though it is a long way from a dishwasher to a millionaire, there are some people who successfully travelled this road. Those who have an aversion to work, need not be astonished, if they remain wage-labourers throughout their lives. The answer to the question where capitalism as a whole has come from, is usually no less silly. Marx made fun of this rubbish in the following way: "In times long gone by there were two sorts of people, one, the diligent, intelligent, and, above all, frugal elite; the other, lazy rascals, spending their substance, and more, in riotous living. The legend of theological original sin tells us certainly how man came to be condemned to eat his bread in the sweat of his brow; but the history of economic original sin reveals to us that there are people to whom this is by no means essential. Thus it came to pass that the former sort accumulated wealth, and the latter sort had at last nothing to sell except their own skins. And from this original sin dates the poverty of the great majority that, despite all its labour, has up to now nothing to sell but itself, and the wealth of the few that increases constantly although they have long ceased to work." (Capital, Vol. I, p. 713).

Certainly nowadays some individuals may be able to "work their way through" to the top laboriously, with untiring energy and much abstinence from any pleasure. But most of today's capitalists did not go this thorny way — they just inherited their capital. It was handed down within their families for many generations. And the huge sums of capital which originated during the 16th and 18th centuries, cannot have been the result of industriousness, and economy of individuals, but they must have come from somewhere else.

The separation of the possession of means of production and the possession of labour-power is the pre-condition and basis for the capitalist mode of production. This means that we have to consider how it came to pass that the mass of producers were separated from their means of production and how, on the other hand, a minority came to possess the money and the means of production. This historical process generally is called primitive accumulation. It is the early history of the capitalist mode of production. In the course of time, the separation of society into capitalists and wage-labourers has come to prevail.

This is important in enabling people to recognize that the *capitalist mode of production* is not a natural relationship but one *that arose historically and can therefore, be changed again historically*. In pre-capitalist times the great mass of agricultural producers (serfs or partly freed farmers) were tied to their land, but they could provide for themselves. The means they owned for the production of the necessary means of subsistence. Even the serfs had a right to have land. How the peasants were driven away from the land (the condition of their existence) is described by Marx with the example of England. The growth of wool manufacture transformed the arable farmland of the peasants into sheep-runs, because sheep-farming had become the main source of income for the great feudal landlords. The more the manufacture of wool developed, the more farmers were violently driven away from their land. The serf who did soccage-service for the feudal landowners, were also robbed of their existence. They were forced to become vagabonds because the number of jobs in the rising capitalist manufactures was very limited at first. The pauperization of the former peasants was fought against by terroristic laws. "Thus were the agricultural people, first forcibly expropriated from the soil, driven from their homes, turned into vagabonds, and then whipped, branded, tortured by grotesquely terrible laws into the discipline necessary for the wage-system." (Capital, Vol. I, p. 737).

At the same time the simple commodity producers in the towns, the craftsmen, were ruined. The growing manufactures could produce cheaper and eliminate the craftsmen as competitors. The former craftsmen finally had to sell themselves as wage-labourers in the manufactures. Thus, the mass of the producers were torn away from their conditions of life and production (land, workshops), and a minority came into the possession of the society's means of production, by robbery and violence. The mass of the previously independent producers were transformed into "free" wage-labourers.

We know that large sums of money are necessary for the development

of capitalist production. When the domestic sources of gold and silver in Europe, the birth-place of capitalism, could no longer meet the rising demand for money, money had to be supplied from other sources. The Italian trading companies, for example, raised enormous quantities of money by trade with the Orient. Private tradesmen who called themselves limited companies, in which the English royal family had a financial share, amassed £600,000 during the period 1577 to 1580 alone! The Spanish and Portuguese conquerors (Columbus, Pizarro, Cortez, Vasco da Gama) exterminated about 15 million Indians in 50 years, and in the course of their "adventurous expeditions" — as the bourgeois historians called them — they seized more than 500 million gold-pesos . . . When we consider the primitive accumulation as a whole, the result is that "capital comes into the world dripping from head to foot, from every pore, with blood and dirt." (Capital, Vol. I, p.760). We see that direct violence plays a decisive role in the early history of capitalism. Once you have studied the real origin of the capitalist mode of production, you can hardly find the "theory" of the capitalists and their economists about the origin of capitalism which we described above, ridiculous any longer. The truth about the primitive accumulation unmasks the cynicism and the contempt which this theory expresses. The so-called primitive accumulation is really the violent primitive expropriation of the mass of the people.

Section 7: Wages

SECTION VII: Wages

The task of this pamphlet is to examine the relationship between the working class and the capitalist class. Therefore we had to analyse the nature of a commodity, how its value is determined, and how this value acquires an independent form, the form of money. Given this independent form, money becomes the starting-point of the movement $M-C-M'$, in which it acts as capital and expands its value. In capitalism, human labour-power is also a commodity — the most important one for this system. For it is only by the capitalist's buying the labour-power and applying it productively, that his money is transformed into capital. In the sections on the production of absolute and relative surplus-value, it was shown what the production-process in which capital expands its value, looks like. The section about capitalist accumulation and reproduction showed that the relationship of exploitation between the capitalist class and the working class becomes fully obvious and clear only when the capitalist production-process is regarded as what it actually is, as a process which is constantly repeated and expanded.

It was explained that exploitation in capitalism is not a mere defect which could be abolished by reforms. Capitalism is a mode of production, the motive force of which is the expansion of capital, which can only take place when the capitalists gratuitously appropriate the surplus-labour of the working class. "Capitalism" and "exploitation" are but two different words for the same thing. In the following section, the relationship of capitalist exploitation is summed up once more in regard to wages, the laws of which are of paramount importance to the working class.

1. Once Again: The Determination of the Value of Labour-Power

Human labour-power is a commodity like any other. It has a use-value — it can make products which are sold by the capitalist as commodities.

It has a value which like that of any other commodity is determined by the labour-time socially necessary for its production. So far the determination of the value of labour-power does not differ from that of other commodities. Labour-power, however, is a special commodity: it exists only as the ability of human beings who are legally and politically free citizens in our society. Therefore, they do not only need food, clothing, housing, etc. but also have intellectual and cultural needs.

Part of the reproduction of labour-power is the satisfaction of sexual needs. During the last few years capital has conceded slightly more sexual freedom to apprentices and young workers, a freedom which it completely regulates, however, by allowing love only within the framework of its traditional forms and only by means of commodities which are produced by capital. The fashion industry and the mass media continually propagate every new varieties of idol for "today's" man and woman, and those who want to be successful in sexual competition have to adapt themselves again and again to the trend of fashion which is prevailing at the time.

Once all these things have served their purpose and the partner of one's life has been found, morality demands more or less immediate marriage. Furthermore, given the bad situation of female workers, many of them hope that they might be able to escape factory work through marriage (the success of which is shown in the chapter on women's labour, p.93).

The cost for the upkeep of the family is part of the value of the labour-power, as the family is even today the usual social form in which the working class reproduce themselves for capital. The children go to school and into apprenticeship. Whether this training of the labour-power takes just a short time or many years, the respective costs also form a part of the value of the labour-power. Therefore, the labour-power of an unskilled worker has a lower value than that of a skilled worker.

All these items form part of the means of subsistence, but the important point is that all these means are commodities produced under capitalism. This origin of the means of subsistence affects their qualities as use-values. As far as fashion is concerned it is evident that the continuous changes in fashion are not so much in the nature of fashion as such — they are "produced" by the interest of capital to expand its value. The same is true for other consumer goods which in recent years have shown a tendency to wear out more and more quickly. Cars which used to last 10 years or more are now often worn out after 4 years — the same is true of refrigerators and other goods. The mass media, newspapers, radio and television keep their "independence" formally and legally but show their capitalist origin by toeing the "capitalist line" for the most part in what they print and show. The film industry does not know any such scruple. Either it transforms the existing class relationships into a sentimental harmony — or it announces the fight of all against all, as in the "Italo-Westerns" and thus reflects the tendency towards general brutalization of life under

capital. The continuous consumption of these kinds of "use-values" acts to reduce insight into class relationships, an insight which originates from the production-process itself.

Since the value of labour-power is determined by the value of the means of subsistence necessary for satisfying the various wants of the worker, as well as by the costs of education and training, it is clear that this value is not unchangeable. Not only does the value of the necessary means of subsistence change continuously by increases in productivity in the respective industries, but also the amount and kind of needs of the workers change. The value of labour-power therefore is very flexible. It is formed and changes during the continuous struggle of the working class against the capitalist class. For the capitalists, of course, have quite a different opinion from the workers on what constitutes a reasonable amount for the workers to live on. The capitalists are interested in keeping the value of the labour-power as low as possible — if possibly getting wages down below the value of labour-power. The workers constantly have to fight this tendency. Marx writes: "The minimum limit of the value of labour-power is determined by the value of commodities, without the daily supply of which the labourer cannot renew his vital energy, consequently by the value of those means of subsistence that are physically indispensable. If the price of labour-power falls to this minimum, it falls *below* its value, since under such circumstances it can be maintained and developed only in a crippled state. But the value of every commodity is determined by the labour-time requisite to turn it out so as to be of *normal quality*." (Capital, Vol. I, p. 173, emphasis added).

2. Changes in the Cost of Training of Labour-Power Affected by the Methods of Producing Relative Surplus-Value

In Section V it was shown, how the concrete labour-process is changed by the methods of producing relative surplus-value. As a consequence of changes in the labour-process similar changes take place in the process of education and training of the worker. There are differences in the cost of training, so that the labour-powers also have different values.

a) Simple Co-operation

In simple co-operation this is hardly noticeable because all workers still do the complete job of a craftsman. But working collectively they achieve a new ability without being paid for it. The increase in efficiency which is often effected by co-operative labour and the equalization of the individual efficiencies of the workers towards the social average are great advantages for the capitalist. These advantages cost him nothing, as they result from the *co-operative* nature of the labour, while the workers still get paid *individually*.

b) Systematic Division of Labour

The production-process is divided into single manipulations which are done by different workers. Thus a living organism of labour is formed

which is composed of many specialized detail jobs. The costs of training for these detail-workers are, of course, different and depend upon the degree of difficulty of the respective detail-job. The systematic division of labour thus leads to an order of precedence among the workers, from leading engineers to unskilled workers. This order is determined by the differing value of the different labour-powers and erects artificial boundaries between workers. It has to be stressed that this order is only determined by the value of labour-power, i.e., by the amount of wages, and not by the labour-process. In the labour-process all workers depend upon their joint co-operation. This order often destroys unity and solidarity among the workers. Often the capitalist succeeds in splitting the workers who rank at the top of the order from the rest of the workers by additional privileges, and bringing them over to his side.

Division of labour does not only take place in the field of manual labour but also between manual and brainwork, between the planning and performing jobs. The people employed for planning, direction and co-ordination need a correspondingly long and complicated training. This is the only reason why their labour-power has a higher value than the labour-power of most manual workers. There is no basis whatsoever for the opinion that intellectual work is in principle "somewhat better" than manual work. It is only a question of the differing costs of training.

The jobs of planning and directing which are necessary for the labour-process, have to be distinguished strictly from the jobs of controlling the workers and their speed of work. This control of the workers is only necessary, because the labour-process in our society serves the expansion of the value of capital. This sort of "workers" are — as Marx writes — "industrial officers and sergeants who, while the work is being done, command in the name of the capitalist." (Capital, Vol. I, p. 332).

Systematic division of labour does not only bring about different costs of training for the different labourers, but also leads to the formation of jobs which do not demand any training or just a brief period of training. Marx writes: "Every process of production, however, requires certain simple manipulations, which every man is capable of doing. They, too, are now severed from their connexion with the more pregnant moments of activity, and ossified into exclusive functions of specially appointed labourers. Hence, manufacture begets, in every handicraft that it seizes upon, a class of so-called unskilled labourers, a class which handicraft industry strictly excluded. If it develops a one-sided speciality into a perfection, at the expense of the whole of a man's working capacity, it also begins to make a speciality of the absence of all development. Along side of the hierarchic gradation there steps the simple separation of the labourers into skilled and unskilled. For the latter, the cost of apprenticeship vanishes; for the former, it diminishes, compared with that of artificers, in consequence of the functions being simplified. In both cases, the value of the labour-power falls. An exception to this law holds good whenever the decomposition of the labour-process begets new and comprehensive functions, that either had no place at all, or only a very

modest one, in handicrafts. The fall in the value of labour-power, caused by the disappearance of diminution of the expenses of apprenticeship, implies a direct increase of surplus-value for the benefit of capital; for everything that shortens the necessary labour-time required for the reproduction of labour-power, extends the domain of surplus-labour." (Capital, Vol. I, p. 350). Like simple co-operation, systematic division of labour has an advantage for the capitalist, who buys the labour-powers individually and pays them as individuals. "The mechanism that is made up of numerous individual detail labourers belongs to the capitalist. Hence, the productive power resulting from a combination of labours appears to be the productive power of capital." (Capital, Vol. I, p. 360).

Under capitalist conditions systematic division of labour proves to be a disadvantage for the worker: not only does the value of his labour-power go down through the reduction of training costs, but now he has also greater difficulties in selling his labour-power at all. As a one-sided detail-worker he can only be used within a definite labour process. "If, at first, the workman sells his labour-power to capital, because the material means of producing a commodity fail him, now his very labour-power refuses its services unless it has been sold to capital. Its functions can be exercised only in an environment that exists in the workshop of the capitalist after the sale." (Capital, Vol. I, p. 360). Here we can see very clearly how much the dependance of the worker upon the capitalist is enforced by the systematic division of labour. This division of labour "increases the social productive power of labour, not only for the benefit of the capitalist instead of for that of the labourer, but it does this by crippling the individual labourers. It creates new conditions for the lordship of capital over labour." (Capital, Vol. I, p. 364).

c) The Mechanized Mode of Production

We showed in Section V, that the division of labour which was developed in capitalist manufactures, is not abolished but enforced by the introduction of machinery and the development of the factory system. The effects of the division of labour on the value of labour-power described above, remain in existence also in modern industry. But on the other hand, the handicraft skill of the individual worker and likewise his bodily strength become more and more superfluous, because the machines do the manipulations much more precisely than a worker, and they can use much more power than he could (steam power, electricity).

"Thereby the technical foundation on which is based the division of labour in manufacture, is swept away. Hence, in the place of the hierarchy of specialised workmen that characterises manufacture, there steps, in the automatic factory, a tendency to equalise and reduce to one and the same level every kind of work that has to be done by the minders of the machines; in the place of the artificially produced differentiations of the detail workmen, step the natural differences of age and sex. So far, as division of labour re-appears in the factory, it is primarily a distribution of the workmen among the specialised machines; and of masses of workmen, not however organised into groups, among the various departments

of the factory, in each of which they work at a number of similar machines placed together; their co-operation, therefore, is only simple. The organised group, peculiar to manufacture, is replaced by the connexion between the head workman and his few assistants. The essential division is, into workmen who are actually employed on the machines (among whom are included a few who look after the engine), and into mere attendants of these workmen. Among the attendants are reckoned more or less all "Feeders" who supply the machines with the material to be worked. In addition to these two principal classes, there is a numerically unimportant class of persons, whose occupation it is to look after the whole of the machinery and repair it from time to time; such as engineers, mechanics, joiners, etc. This is a class of workmen, some of them scientifically educated, others brought up to a trade; it is distinct from the factory operative class and merely aggregated to it. This division of labour is purely technical." (Capital, Vol.I, p. 420)

It is obvious that the three categories of workers (skilled workers, unskilled workers, technical personnel) get quite different wages, corresponding to the different costs of their training. Though in the modern factory system, the separate jobs become more and more alike technically, the workers do not receive the basic technical training which would be necessary to enable them to perform as many of these jobs as possible. It is, of course, cheaper for the capitalist class to let the workers do the same monotonous detail-job for the whole of their lives. Modern industry could make the division of labour—as developed in manufacture tying the whole human being to one detail-job for all his life—technically superfluous, but the *capitalist form* of modern industry reproduces and tremendously reinforces division of labour by transforming the worker into the living accessory of the machine.

The one-sided training of the worker influences not only the amount of his wages, but also his chances of selling his labour-power continuously. This insecurity of the worker's existence is even more increased in modern industry. The accumulation of capital leads to constant changes in the size and technical structure of single branches of industry. Therefore labourers are continuously made redundant in one branch, while additional workers are needed in another branch.

"Modern industry never looks upon and treats the existing form of a process as final. The technical basis of that industry is therefore revolutionary, while all earlier modes of production were essentially conservative. By means of machinery, chemical processes and other methods, it is continually causing changes not only in the technical basis of production, but also in the functions of the labourer, and in the social combinations of the labour-process. At the same time, it thereby also revolutionises the division of labour within the society, and incessantly launches masses of capital and of workpeople from one branch of production to another. But in modern industry, by its very nature, therefore necessitates variation of labour, fluency of function, universal mobility of the labourer, on the other hand, in its capitalistic form, it reproduces the old division of labour with its ossified particularisations.

We have seen how this absolute contradiction between the technical necessities of Modern Industry, and the social character inherent in its capitalistic form, dispels all fixity and security in the situation of the labourer; how it constantly threatens, by taking away the instruments of labour, to snatch from his hands his means of subsistence, and by suppressing his detail-function, to make him superfluous." (Capital Vol.I, pp. 486/87).

We have seen that the value of labour-power goes down as the productive forces increase (co-operation, systematic division of labour, machinery). Whereas the craftsman in the middle ages had to do many years of apprenticeship in order to know his trade completely, the time of training for most of the capitalist detail-workers is reduced to a relatively short period of time. On the other hand, the introduction of machinery demands that every worker is socially very mobile and adaptable to the changing requirements of labour. Therefore, the beginning of modern industry goes together with the legal regulation of compulsory universal education. During the further development of capitalist industry this necessary basic education becomes more and more important. The time of compulsory education has been extended and will probably be extended still further. While the value of labour-power goes down because of the continual increase in productivity, the costs for the necessary basic education increase, causing the value of labour-power to rise again.

3. Women's Labour and the Value of Labour-Power

Once the mechanised mode of production is introduced another modification of the value of labour-power takes place. Because machinery is powered by steam and electricity, it renders the physical strength of men largely superfluous. Women and children can be employed and included in the production-process, because of the relative easiness of machine labour, which was the case in the 19th century to a large extent. Today children's work is legally forbidden, but the labour-power of women is still a very profitable field of exploitation for capital.

How does women's labour affect the value of the labour-power of men? Marx writes: "The value of labour-power was determined, not only by the labour-time necessary to maintain the individual adult labourer, but also by that necessary to maintain his family. Machinery, by throwing every member of that family on to the labour-market, spreads the value of the man's labour-power over his whole family. It thus depreciates his labour-power." (Capital, Vol.I, p.395).

When a part of the expenses of living of the family is earned by the worker's wife, the value of male labour-power goes down. If for example the monthly costs for the family's living are £100 and if the wife earns £20, the value of labour-power of the man goes down correspondingly by £20. This tendency is only true for society as a whole. The industrial reserve army is enlarged by women's labour, and the value of male labour-power decreases. The value of female labour-power is lower than that of man's labour-power. With the exception of those

women who remain unmarried, woman workers cannot take part in the capitalist production-process for the whole of their lives continuously, but have to spend a large part of their labour-power within the family. Therefore the largest part of the costs for the family's living still has to be paid by the man, so that his labour-power has a higher value than hers, though it is not as high as before the introduction of women's labour.

Women's labour seems to be purely additional (i.e., not necessary) labour which only serves the purchase of luxury goods. Often women only work for more or less short periods of time in order to earn some additional money. But the woman's wage is usually needed to cover the costs of the necessary means of subsistence for the family. A washing-machine, a refrigerator, a Hoover, etc., may still seem to be a luxury. In reality, however, they have long since become necessary instruments of labour in the household. The more working class women are included in the industrial production-process, the more necessary are such labour-saving instruments. And the more such instruments become indispensable for a working class household, the higher have to be the wages, so that all the hire-purchase instalments can be paid in time. This means that the wage-labour of the woman is even more necessary.

All this applies in a similar way to such necessary means of subsistence as a car, a television set, a holiday trip, etc.

As to the different payment of female and male workers, it is important to add the following: the capitalists try to justify the lower wages for women over and over again by declaring that women are more suitable for certain dull and monotonous jobs than men. This nonsense must be answered by explaining that women's work is just the consequence of the division of the labour-process into a number of mechanical detail-jobs. These jobs can be done by men and women in the same way. Nevertheless, in the practice of the capitalist factory, the "lowest" and most monotonous jobs are usually given to women, whereby the capitalists save the costs of educating the female part of the working class.

How stupid it is to talk of "typically male" and "typically female" professions, is shown by the role of women in the social labour-process in transitional societies like the Soviet Union, where women work as bus-drivers, tractor drivers, surgeons, etc., i.e., in "typically male" professions.

Appendix: We have described how the introduction of the mechanized mode of production made it possible to include women in the capitalist production-process, and how women's wage-labour has become a necessity, as the cost of living of a family has increased considerably and is still continuously increasing. It seems obvious that capitalism tends to disintegrate and to ruin the working class family. The more working class women take part in the industrial production-process, the less time they can spare for jobs within the family and the more the children are left on their own.

But the upbringing of children within the family has a decisive function for the maintenance of the capitalist system: the result of such an up-

bringing and education are usually people who never after can intellectually and emotionally transcend narrow family ties, and who therefore display mainly unconcern and indifference to and distrust of all other people. Such an attitude is just what is necessary in capitalist society to make people stand their ground in the competitive struggle with other commodity owners. Even in the family the position of the members of the family depends largely on the amount of their wages. All human relations are subordinate to that. In capitalist society, the family is mainly kept together by money and boredom.

As the family is more and more disintegrated by women's participation in the production-process, the education of the children in the family into people who act like typical commodity owners, is made more and more difficult. Instead education outside the family (kindergarten, creche, play-school, etc.) becomes more and more important. This means that children start very early to learn how to live together with many children of the same age. This indicates a possibility that the tendency of capitalism to disintegrate the traditional working class family, could turn against capitalism itself. Outside the family only a collective education seems to be possible.

The disintegration of the proletarian family under capitalism is however just a *tendency*. For on the one hand, women's participation in the production-process enables them to be economically independent of men. On the other hand, however, the economical relationship of dependence of women upon men is maintained by the very fact that women get lower wages than men for the same labour and that they have no access to better paid jobs. Therefore, marriage and family continue to exist in the leading capitalist countries, though mostly more or less in a state of crisis. As long as the family exists, the differing value of male and female labour-power will exist. For women could only fully participate in the production-process, when they no longer have jobs to do inside the family; when they are completely free from this burden, the pre-condition of which is the complete disintegration of the family, the end of private upbringing of children.

4. Effects of Changing Productivity, Intensity of Labour and Length of the Working-Day on the Value of Labour-Power

Preliminary remark: In the following chapter the pre-conditions for a continuous reduction of the value of labour-power are described. At first sight it seems as if there is no such tendency because the nominal wages of the workers continually go up. This increase is among others due to the constant devaluation of money. Such inflationary tendencies have to be disregarded here, as we are dealing with the effects of changes in the production-process.

a) Effects of Changing Productivity

The value of labour-power is modified not only by changes in the costs of education and training which are caused by changes in the structure of the capitalist production-process. But also the production of relative

surplus-value by co-operation, systematic division of labour and the use of machinery has another decisive influence upon the value of labour-power. It reduces this value in the same degree as it reduces the value of the necessary means of subsistence by continually raising the productivity of labour. Correspondingly relative surplus-value increases.

If, for example, the value of the means of subsistence necessary for one month is £50 and if the productivity of labour in the industries concerned rises by one fifth, the same mass of means of subsistence would cost only £40. Wages would go down from £50 to £40, while the surplus value would rise by 10. But the degree of this reduction "depends on the relative weight, which the pressure of capital on the one side, and the resistance of the labourer on the other, throws into the scale." (Capital, Vol. I, pp. 522/23). When the workers offer determined resistance to this fall in wages, they may be able to stop the reduction of wages at £45. If they succeed in keeping this amount of wages for a long period of time and in widening the amount of their needs and of the necessary means of subsistence, the value of their labour-power actually has gone up, for this value also depends upon changing and growing social needs.

If the workers cannot prevent the fall of the value of their labour-power to £40, real wages remain constant, that means the mass of means of subsistence which the worker can consume per month, does not change. But the value of labour-power as expressed in money (nominal wages) has gone down by £10. Relative surplus-value has increased by the same amount. In this case, the situation of the working class would have worsened relatively, i.e., compared to the growing wealth of capital.

Marx writes: "Although the labourer's absolute standard of life would have remained the same, his relative wages, and therewith his relative social position, as compared to that of the capitalist, would have been lowered. If the working man should resist that reduction of relative wages, he would only try to get some share in the increased productive powers of his own labour, and to maintain his former relative position in the social scale." (Wages, Price and Profit, p.220, in: Marx Engels, Selected works in one volume, Lawrence and Wishart (edition), 1968. All further quotations from this source refer to this edition.) Therefore, the workers by constantly fighting for higher wages have to try and prevent their share of the constantly growing wealth in society relatively decreasing more and more. But they can prevent this successfully only in so far as they succeed in increasing the value of their labour-power.*

* It is always stated that Marx did not only propound a theory of *relative* pauperization of the working class, but also a theory of *absolute* pauperisation. During the development of capitalism, *real* wages would also go down constantly, so that the working class would get less and less means of subsistence. Such a nonsensical theory, according to which the working class would have died of hunger long ago, can be found *nowhere* in Marx's writings!

b) Effects of Changing Intensity and Length of the Working-Day

Apart from improving the methods of production, the capitalists also constantly increase the intensity of labour. Increased intensity of labour means that the worker has to spend more labour-power than before during the same period of time. The same applies to the extension of the working-day. Both cases when they are long-term measures, lead to a reduction of the length of life of the worker. The daily value of labour-power increases, because its daily reproduction costs more now. Marx writes: "The value of a day's labour-power, is, as will be remembered, estimated from its normal average duration, or from the normal duration of life among the labourers, and from corresponding normal transformations of organised bodily matter into motion, in conformity with the nature of man. Up to a certain point, the increased wear and tear of labour-power, inseparable from a lengthened working-day, may be compensated by higher wages. But beyond this point the wear and tear increases in geometrical progression and every condition suitable for the normal reproduction and functioning of labour-power is suppressed. The price of labour-power and the degree of its exploitation cease to be commensurable quantities." (Capital, Vol.I, p. 527).

5. The Fetishism of Wages or the Transformation of the Value of Labour-Power into the Price of Labour

As we saw in the chapters on the fetishism of commodities and money and of capital (Section I, point 6, and Section V, point 9), the real social relationships between persons and between working class and capitalist class appear in a distorted form which is difficult to see through. The social relationship of people who (though independent of one another) produce commodities for one another, appears as a relationship between commodities, respectively between commodities and money. The relations of exploitation between the working class and the capitalist class take a form in which the workers are subject to the instruments of labour instead of being able to apply them consciously, and in which the creative, productive forces of the working class appear as productive forces of capital, of a mere thing. A similar distortion can be found in wages, i.e., in the exchange between capitalist class and working class. The distortion has the same effect here, it shows exactly the opposite of what is really the case. We call this the *fetishism of wages*.

Up to now the analysis of the capitalist mode of production has shown that the exploitation of the workers is the basis of capitalism. But if the exploitation takes place day after day in the production-process, why is it not visible then? Why do the workers not recognize that their labour-process is at the same time a process of expanding the value of capital and that capital by its very nature is nothing but "command over unpaid labour?" (Capital, Vol.I, p.534). This question brings us back to our starting point in the introduction (p.7). to the obvious fact that the worker receives wages for every hour of his work, respectively for every piece of product he made. All labour which the worker has carried out, seems to be paid labour, but nevertheless he is exploited. This exact-

ly is the fetishism of wages: the exploitation of the worker is concealed by the wages form. How does this false appearance come about then?

The capitalist and the worker first meet when signing the work-contract and appear as partners with completely equal rights. Marx writes: "The exchange between capital and labour at first presents itself to the mind in the same guise as the buying and selling of all other commodities. The buyer gives a certain sum of money, the seller an article of a nature different from money." (Capital, Vol. I, p. 540). In this exchange in the sphere of circulation it is not taken into account that labour-power has the special use-value of being the source of value and surplus-value. This remains unconsidered because during the exchange with capital the worker does not yet do any labour. Nor does labour appear in the form of products, as labour already carried out but what appears on the market is the living labourer himself. "That which comes directly face to face with the possessor of money on the market, is in fact not labour, but the labourer. What the latter sells is his labour-power. As soon as his labour actually begins, it has already ceased to belong to him; it can therefore no longer be sold by him." (Capital, Vol. I, p. 537).

There are forms of society in which the compulsion to usurp labour is immediately evident. A medieval peasant who can work on his own field only for three days a week while having to spend the other three days working on the fields of his landlord, knows exactly when he works for himself and when he works for his suppressor. His surplus-labour is separated from his necessary labour both spatially and temporally. Things are different with the wage-labourer. He is bought as a commodity in the sphere of circulation. In the exchange two commodities meet which represent equal values. But their character as values is not immediately evident, because the value of one commodity can only express itself in the use-value of another commodity. Though neither of the two commodities loses its two-fold nature, it seems as if there is nothing but a use-value on the one side and nothing but the material representative of the value on the other: on the one side a use-value, on the other side, money.

This is what happens during the sale and purchase of labour-power: the use value of labour-power appears as the object of purchase to both worker and capitalist. The money which the worker receives as wages, appears as the *value of labour*. If you say that the worker sells his labour for £80 a month, it seems as if the worker had to work one month to produce £80 of value. These £80 appear as the value of the use-value of labour-power, as the value of the labour done during one month. In the exchange between worker and capital it remains hidden that the *worker does not sell his labour but his labour-power*.

As human labour-power is bought on the market as a mere thing available for money, and as it functions in the capitalist production-process with other commodities bought in the same way (means of production) it does not count as a special value-creating power but only as a factor of production among others. For the capitalist all factors of production are

just costs which he has to pay per day, week or month. A worker for example costs £4 per day. The capitalist then pays £4 for 8 hours work.

By referring the daily value of *labour-power* to the *labour* done per day, this value is equated to the daily product of value ($v + s$). Thus, all labour seems to be paid for, and the difference between the value of labour-power and its use-value becomes invisible. Labour-power seems to come into the production-process as a value of constant size and seems to work as such constant figure. The entire product of the worker seems to come back to him in the form of wages. The specific character of the capital relationship is hidden, namely the exchange of variable capital for living labour-power, and the consequent exclusion of the labourer from the product. Instead of the real fact, we have the false semblance of an association, in which labourer and capitalist divide the product in proportion to the different elements which they respectively contribute towards its formation." (Capital, Vol. I, p. 533).

How does the value of labour-power which is paid to the worker, practically transform itself into wages, into the price for labour performed? If for example £4 is the product of value of 4 hours of work, and if 4 hours are necessary to produce the means of subsistence necessary for a day, then £4 is the daily value of the labour-power. This value then spreads over the hours of work which the labourer actually has to do per day—regardless of how much new value he creates during this time. If the working-day is 8 hours long, the wages per hour will be $4 : 8 = 50$ pence. Then the £4 which represent the part of the working-day that is being paid (4 hours) appears as the price for the total labour of 8 hours. Marx writes: "The wage-form thus extinguishes every trace of the division of the working-day into necessary labour and surplus-labour, into paid and unpaid labour. All labour appears as paid labour." (Capital, Vol. I, p. 539).

This false appearance is reinforced by the fact that the worker does not receive his wages beforehand, but only when he has finished work. As with most commodities which are hired for a certain time and not bought, the price of the labour-power also is not paid until its use-value has already been consumed.

The fetishism of wages has important consequences. Marx writes: "We may understand the decisive importance of the transformation of value and price of labour-power into the form of wages, or into the value and price of labour itself. This phenomenal form, which makes the actual relation invisible, and, indeed, shows the direct opposite of that relation, forms the basis of all the juridical notions of both labourer and capitalist, of all the mystifications of the capitalist mode of production, of all its illusions as to liberty." (Capital, Vol. I, p. 540). As the worker believes that he receives "fair" wages and the capitalist also thinks that he actually pays such "fair" wages, the exploitation is concealed to both classes. Therefore the capitalist can only explain his profit as coming from the sale of his commodities above their value. And therefore the worker thinks that the amount of his wages depends upon the amount of labour he has done.

But the capitalist need not care where his profits really come from. The laws of the sphere of circulation work for him, though they obscure the consciousness of *both* classes. The worker, however, has to break through this fetishist appearance of wages, if he wants to understand his situation.

6. The Forms of Wages

The "price of labour" can appear in different forms, the common feature of which is that they conceal capitalist exploitation. The different forms of wages enable the capitalist to additionally exploit the worker. This can be seen with the simplest form of wages, *time-wages* (wages per hour). In the above example, the daily value of labour-power was £4 and wages per hour (with a working-day of 8 hours) 50 pence. During these 8 hours the worker produces a product of value of £8, £4 of which form the capitalist's surplus-value. If the capitalist introduces *short-time labour* and for example allows the workers only 6 hours of labour, the short-time worker gets a daily wage of $6 \times 50 = £3$. The capitalist in this case makes surplus-value without paying the entire daily value of the labour-power.

The reverse happens with the *system of over-time*: if the capitalist succeeds in forcing down the wages per hour from 50 to 40 pence, the workers only earn $8 \times 40 = £3$ 20 pence in 8 hours. To get the full daily value of his labour-power paid, the worker is forced to work 2 hours overtime. Thus the daily surplus-value goes up, because the entire product of value produced within 10 hours (£10) is divided into £4 of wages and £6 surplus-value.

A changed form of time-wages is *wages for piece-work*. It comes about by a simple calculation. If an average worker produces 16 pieces of product within 8 hours, the new value in every single piece is $8 : 16 = 50$ pence, (given the product of value per day is £8). (The part of the value of the constant capital which is embodied in the product is left out of account here.) The daily value of labour-power, however, is only £4. The worker then gets $4 : 16 = 25$ pence per piece. Wages for piece-work have a number of advantages for the capitalist. As only pieces of an average quality are fully paid for, the produced rejects and scrap go to the debit of the worker (deductions from wages!) As the number of pieces to be produced per hour is fixed (and as a rule, the number is rather high), the worker is forced to work at a high speed, if he wants to get full pay. Therefore the capitalist can save some of the costs for overseers and foremen. Furthermore, it is easier for the capitalist to constantly increase the normal degree of intensity, because the worker's personal interest is to spend his labour-power as intensively as possible. For the amount of his daily wages depends upon the number of pieces produced. This is what the daily surplus-value depends upon, as well!

The varieties in the daily wages for piece-work reinforces the wrong idea of the workers that wages are an equivalent for their total labour. At the same time, these differences undermine solidarity among the

workers. Marx writes: "The wider scope that piece-wage gives to individuality, tends to develop on the one hand that individuality, and with it the sense of liberty, independence, and self-control of the labourers, on the other, their competition one with another. Piece-work has, therefore, a tendency, while raising individual wages above the average, to lower this average itself." (Capital, Vol.I, p. 555). The capitalists are always anxious to turn the exceptional labour of a few workers into the new average intensity, i.e., to constantly increase the rate of piece-work. The resistance against this continuous increase in the rates of piece-work is an important part of the daily class-struggle of the workers against capital.

We have shown how the value of labour-power is transformed into the price of labour, whereby all labour appears as paid labour, and the relationship of exploitation between capitalist and working class is concealed. Regarding the two basic forms of wage (time-wage and piece-wage), we saw the concrete forms in which the exploitative nature of capitalist production is hidden and how these forms of wage make an additional exploitation possible. The same could be analysed for all other forms of wages (bonus system, participation in profits, etc.). But now we want to go into the details of two illusions which are rooted in the very fact that all labour seems to be paid: the so-called "spiral of wages and prices" and the "formation of wealth" in the hands of the workers.

Appendix I: The Story About the Spiral of Wages and Prices

The legend of the wages-prices-spiral which is as old as capitalism itself, is based on the fact that the value of labour-power takes the form of wages and hence all labour appears as paid labour. This theory tries to make the workers believe that the struggle of trade-unions, for higher wages cannot have helped the workers, because higher wages necessarily bring about correspondingly higher prices. Because higher wages mean increased "costs of production" for the capitalist, he is said to be forced to compensate for the increased costs by increasing the prices of his products.

For the advocates of the wages-prices-spiral the value of a commodity only consists of the costs of means of production and labour-power—in Marxist terms, of $c + v$. This means that the workers are paid for all their labour. Consequently prices have to rise, when labour becomes more expensive, in the same way as prices go up, when the costs of the means of production increase.

In reality, however, the value of a commodity does not only consist of the costs of the factors of production $c + v$, but also of the surplus-value created by the workers and appropriated gratuitously by the capitalist. The value of a commodity consists of $c + v + s$, in which $v + s$ represents the new created value, the product of value. By an increase in wages, the share of the working class of this product of value becomes greater, and this means that the ratio of v to s changes: surplus-value is reduced by the portion by which v is increased. *The rise in wages does not change*

the value of the commodity at all, because it only affects the ratio in which the new value is divided into wages and surplus-value. The capitalist has not any additional costs of production to pay, when wages go up. Rising wages only mean that his surplus-value is reduced.*

Since trade-unions exist, one of their most important tasks is to lead the struggle for a greater share of the product of value which is created by the working class alone. Only by this struggle for a higher value of the labour-power commodity can the workers prevent their share of the constantly growing social wealth being continuously reduced. The capitalists and their "scientific" odd-jobbers try to weaken this struggle with the ideology of the wages-price-spiral and the resulting uselessness of demanding higher wages.

We have shown that wage-increases do not change the value of a commodity in any way, but only reduce surplus-value. It is evident that the individual capitalist will try to compensate for the loss of surplus-value by higher prices. But the possibility of selling commodities above their value (which is the case then) depends upon the state of the market and it is not only up to the individual capitalist to raise prices. Only if demand exceeds the supply of commodities, can the capitalist sell his products above their value. Furthermore, if it was up to the capitalist to increase the prices of his products deliberately, prices would go up at any time, without the excuse of wage-increases. The defenders of the "theory" of the wages-prices-spiral confuse the result with the cause: wage-increases are the result of and not the cause of rising prices! Nevertheless, wages mostly go up relatively slower than prices for the necessary means of subsistence.

Given the fact that wage-increases do not effect the value of commodities, there remains a contradiction. We know, that the value of commodities decreases by constantly rising productivity, while prices have mostly gone up in all leading capitalist countries. This contradiction cannot be answered in a few sentences. The real movement of prices cannot be understood until the causes for the cyclical movement of capitalist economy (business cycles) have been analysed, which is not possible at this stage. Another important reason for rising prices is the devaluation of money. When inflation progresses *faster* than the productivity of labour rises, prices have to go up.

Appendix II: The Worker as Saver and Investor, or the Illusion of the "Formation of Wealth in the Hands of the Workers"

We have seen how by the very form of wages all labour appears as paid labour. The relationship of exploitation between capitalists and workers thereby appears as a relationship between partners with equal rights; partners who both contribute to the production-process in the same way (!)

* By the way, even if the value of the commodity only consisted of $c + v$, a rise in wages by 20% would not mean that prices have to go up by 20%. A commodity worth £10, the value consisting of $8c + 2v$, would not go up to £12, but only to $8c + 2v$ plus 20% of $2v$, i.e., to $8c + 2v + 0.4v$. This commodity would cost the capitalist only £10.40 pence.

and who therefore receive an equal share of the product: the worker in the form of wages, the capitalist in the form of profit. Such partners, however, who participated in the same way in the production and appropriation of the social wealth, should also be equal with regard to their income.

But even for those who do not see through capitalist society, the class division becomes visible to a certain extent in the form of large differences between incomes. Official German statistics for 1969 state that 25% of working class households had a net income below 800 DM (about £90) per month, while on the other hand, 1.7% of the private households own about 35% of the total private wealth and 70% of the private wealth invested in production. It is no secret that in England about 10% of the population own about 90% of the total social wealth. Nor is it a secret that the German capitalist Flick earns 62,000 DM (about £7000) *per day*, a sum for which a worker with £100 a month would have to work *nearly 6 years!* And after this period of time, he would not own a penny, because he continually needs the money for buying his means of subsistence. He would just have kept himself alive without possessing any wealth.

Working class and capitalist class appear as partners with equal rights, while being divided by large differences in their income and possessions. Liberal economists, reformists and union bureaucrats want to put an end to this contradiction by campaigning for a "fair distribution" of the wealth created among the "social partners," and want to abolish the discrimination against the working class. But as they do not recognize that the original possession of the "partners" (means of production—labour-power) is the reason for the differences in incomes, they do not want to touch and change this relationship of possession. The only way out seems to be then, that the worker has to receive another possession apart from his labour-power. He has to save money.

But we have to ask, why should a worker have the idea of saving part of his wages in order to gain wealth? What does "wealth" mean in fact?

1. We know that the worker's only income is his wage and that the amount of wages is determined by the value of the necessary means of subsistence. The wage of a worker is really nothing but a mass of means of subsistence which cannot serve the formation of wealth, because it is necessary for a simple livelihood. But the worker does not directly receive means of subsistence for his work, he gets a certain sum of *money*.

Money being the general form of social wealth, it seems to be up to the wage-labourer what he makes of his "wealth." Marx writes: "The slave receives the means of subsistence he needs for his living in a natural form, as use-values. The free wage-labourer receives them in the form of money, of exchange-value, of the abstract social form of wealth. Though the wage in fact is nothing but the silver, golden, or paper form of the necessary means of subsistence into which it constantly dissolves, the purpose and result of the worker's labour remains the abstract wealth, the exchange-value and not a certain traditional use-value." (Translated from Marx: Resultate des unmittelbaren Produktionsprozesses, pp. 58/59).

It is clear that wage-labour only serves to get money, but it is not evident that this money is only a means to keep oneself alive. Therefore the worker may have the illusion that he might be able to gain general wealth by saving his money. In the mere pursuit of money, worker and capitalist do not differ any longer. The class contradictions seem to have disappeared. Just as the capitalist saves a part of his surplus-value (in order to transform it into additional capital), the worker saves part of his wages believing he could gain "wealth" thereby.

2. What is "wealth" then? It is a certain sum of money that someone acquires or possesses which can be spent in two ways: either he buys commodities for his individual consumption, or he invests the money in means of production and labour-power. The wage-labourer who has saved a certain amount of money by reducing his consumption, can also spend it in both ways—at least this is what many reformists and trade unionists think.

Let us look at the first way. The worker saves part of his wages in order to spend it later. Why? We know that capitalist development does not progress in a straight line and evenly, but that it goes through an up-and-down movement (industrial cycle). There is no guarantee that the worker can constantly sell his labour-power in all phases of the cycle nor that his labour-power is always paid at its value. Therefore the worker had better save part of his wages during the period of prosperity (when wages tend to rise), in order to be able to get over the period of recession and crisis with its wages reduction and possibly with short-time labour or unemployment. Here it becomes obvious that the growing "wealth" of the worker during the period of prosperity is just an appearance. After getting over the crisis, the "wealth" of the worker is used up. It has dissolved into necessary means of subsistence, and the worker is without any wealth as before.

This form of saving has only one function for the worker, namely to divide his wages reasonably so that he can reproduce his life at all times. But this saving mainly serves the capitalist class. The worker usually leaves his money in a savings bank, where he gets small interest. The saving banks forward the money to banks who lend it to industrial capitalists. The capitalists increase their production with this money which consists of wages. They gain additional surplus-value, a part of which goes back to the bank as interest. The small interest the worker gets from the savings bank is only a "booby prize," because capitalist and banker can additionally enrich themselves by aid of the worker's savings.

Let us look at the second way in which the worker could use his savings. Instead of buying commodities for his individual consumption, he could buy means of production and labour-power. Then he would become a capitalist and receive his income in the form of surplus-value. But then other workers would work for him and be exploited by him. And in order to set up a medium-sized firm which is reasonably competitive, the worker would have to save for nearly all his life: if he earns £100 a month, and if he succeeds in saving £25 per month, he would have to save for 25 years in order to reach a paltry £7500 of capital. But even if the worker waits that long, he would probably have lost most of his saving after 25 years by crises, inflations, currency-reforms, etc.

Many social democrats and trade-unionists believe that they know the way out of this dilemma: the worker needs not save money for years and years. He can buy a "people's share" for example and become a small shareholder. He can also participate in his firm by buying a staff share or in the form of "invested wages." "Invested wages" mean that the worker does not get all of his wages, a part of which is invested in his firm and used to enlarge the enterprise. Thus the worker participates in the ownership of the firm and every year receives a small part of the surplus-value in addition to his wages (in the form of bonus, dividends, etc.). The capitalist and the worker then seem to be joint owners of the firm and divide the "jointly" produced surplus-value among themselves.

But the example of invested wages shows clearly the social function of the workers' saving by acquiring "capital wealth." The social wealth is the result of the labour of the proletariat only. There is a constant fight going on between both classes about the distribution of the product of value. Invested wages are a method in this struggle which is only of use to the capitalist. The capitalist class keep part of the worker's share of the new value and use it for the production of surplus-value again. The worker receives a very small portion of this surplus-value as annual dividend. This dividend appears to the worker as an income for which he does not have to work. It is not evident that this dividend is a part of the surplus-value and that the worker receives nothing but his own product which he created. The illusion of being a capitalist as well and of getting a small income without any work apart from his wages, prevents the worker recognizing that his income still is only just sufficient to reproduce his life. The "formation of wealth" in the hands of the workers objectively has the effect of making the insight of the worker into his class situation more difficult, and to prevent solidarity among workers. The worker as a partner in the ownership of his firm seems to be no longer in opposition to the capitalist class. A worker who owns staff shares will hardly take part in a strike in "his" firm. The more so he will keep himself away from all revolutionary movements for fear of losing his tiny bit of possession.*

The advocates of the "formation of wealth" openly confess that this is their aim. The social democrat Georg Leber writes that the "formation of wealth" is good to maintain the respect for property and to guarantee the protection of property in future times. It shall have the effect that the employees get a positive opinion of the idea of social market economy, which is necessary, because without such a positive attitude the market economy will not be able to function durably. The formation of wealth for the workers is to counteract the demands for a radical change of our economic system. (!!!)

Though some defenders of the "formation of wealth" may have good intentions, they are nevertheless deceived by the fetishism of the capitalist mode of production, and objectively they serve the maintenance of the

* The German social democrat Georg Leber stated in an interview that the "formation of wealth" in the hands of the workers "is the best medicine against infection by revolutionary ideas." ("Die Wahrheit," Berlin, 9.5.70).

existing relations of production: as the class relationship appears to them as social partnership, they have to replace the class-struggle by the powerless demand for more justice and fairness. They do not recognize that in capitalism it is not important if something is just, but the essential question is, what necessarily results from the social relations of production, namely a form of distribution corresponding to the former. The essence of this distribution is that the worker never gets more than the necessary means of subsistence, while the wealth of the capitalist class increases constantly. As long as the means of production are capitalist property, there can be no formation of wealth for the wage-labourer, because "the social wealth becomes to an ever-increasing degree the property of those who are in a position to appropriate continually and ever afresh the unpaid labour of others." (Capital, Vol.I, p.587).

There is only one *real* way to the formation of wealth in the hands of the workers. Marx pointed to this way more than 100 years ago. It is the violent expropriation of the capitalist class by the revolutionary proletariat!

7. The Movement of Wages and Capital Accumulation

It was shown in Section VI, how the process of accumulation of capital affects the expansion of capital: Total social capital not only constantly increases, but also its organic composition changes continuously. The relative share of constant capital increases continuously at the expense of variable capital. This means for the working class that in comparison to the mass of the applied means of production, less and less workers are employed by capital. Therefore an industrial reserve army is formed. It exists in various forms, from the worker who is forced to work short-time to those who are completely unemployed. The respective size of the reserve army depends upon the way in which the surplus-value is reconverted into capital. If it is used to extend the existing plants or to build new plants without changing the technical structure, more workers can be employed. But if surplus-value is used to improve production methods, i.e., to raise the productivity of labour (rationalization, automation), the industrial reserve army grows.

The splitting of the working class into an active and a reserve army has important consequences for the movement of wages. If accumulation takes place only quantitatively (on the same technical basis), the capitalist's demand for additional labour-force can lead to the employment of the entire reserve army. If the demand for labour continues, wages rise above the value of labour-power, because the capitalists compete for the available workers. But this wage-increase "only means at best a quantitative diminution of the unpaid labour that the worker has to supply. This diminution can never reach the point at which it would threaten the system itself." (Capital, Vol.I, p.619). When the profits decrease too much because of continual wage-increases, the capitalists will transform less surplus-value into capital, so that accumulation would be reduced again." But with its (rate of accumulation) lessening, the primary cause of that lessening vanishes, i.e., the disproportion between capital and exploitable labour-power. The mechanism of the process of capitalist production removes the very obstacles that it temporarily creates. The price of labour falls again to a level corres-

ponding with the needs of the self-expansion of capital, whether the level be below, the same as, or above the one which was normal before the rise of wages took place." (Capital, Vol.I, p.619).

If, however, accumulation takes place *qualitatively* (continuous technical improvements), the demand for labour increases only absolutely while it decreases relatively compared to constant capital. If not only new additional machines are technically improved, but if also the original old capital is replaced in this new technical form, the demand for labour decreases absolutely. On the one hand, the additional capital which is formed through accumulation demands fewer and fewer workers in relation to its own size. On the other hand, the old capital which is periodically reproduced in a new composition, dismisses more and more workers previously employed by it. Marx writes: "With the growth of the total capital, its variable constituent or the labour incorporated in it, also does increase, but in a constantly diminishing proportion. The intermediate pauses are shortened, in which accumulation works as simple extension of production, on a given technical basis." (Capital, Vol.I, p. 629).

The continuously changing organic composition of capital causes constant changes in the relative sizes of the active workers and the reserve army. Correspondingly the relationship of competition among the two parts of the working class for the available jobs changes. The competition of the reserve army reduces the wages of the employed workers and forces them to work over-time. "The over-work of the employed part of the working class swells the ranks of the reserve, whilst conversely the greater pressure that the latter by its competition exerts on the former, forces these to submit to over-work and one part of the working-class to enforced idleness by the over-work of the other part, and the converse, becomes a means of enriching the individual capitalists, and accelerates at the same time the production of the industrial reserve army on a scale corresponding with the advance of social accumulation." (Capital, Vol.I, p. 636).

We see then that the amount of wages depends upon the size of the reserve army. The larger the reserve army, the smaller is the wage, and vice versa. The size of the reserve army does not only depend upon the accumulation of capital, but also upon the industrial cycle. Marx writes: "The industrial reserve army, during the periods of stagnation and average prosperity, weighs down the active labour-army; during the periods of over-production and paroxysm, it holds its pretensions in check. Relative surplus-population is therefore the pivot upon which the law of demand and supply of labour works." (Capital, Vol.I, p. 639).

As the relation of supply and demand on the labour-market depends upon the reserve army, and the reserve army itself is a product of capital accumulation and of the industrial cycle, that means: the workers face the capitalists only seemingly as independent exchange-partners with equal rights. The supply of labour-power on the market depends upon how many workers are made redundant due to technical improvements. The accumulation of capital does not only increase the demand for labour-power (quantitative accumulation), but it also increases the supply

of labour-power on the labour-market (by the dismissal of workers as the result of qualitative accumulation). The "free" owner of the labour-power on the labour-power commodity has no influence any longer on the sale or non-sale of his commodity, because *demand and supply of labour-power are only determined by capital.*

"If its accumulation, on the one hand, increases the demand for labour, it increases on the other the supply of labourers by the "setting free" of them, whilst at the same time the pressure of the unemployed compels those that are employed to furnish more labour, and therefore makes the supply of labour, to a certain extent, independent of the supply of labourers. The action of the law of supply and demand of labour on this basis completes the despotism of capital." (Capital, Vol.I, p. 640).

Section 8: Wages Struggle

In Sections I to VII, the basic general features of the relationship between working-class and capitalist class have been analysed, as Marx developed them in the first volume of "*CAPITAL*" and as they apply to all developed capitalist countries. Now we have to ask what the conclusions are regarding the forms of organisation of the proletarian class struggle that result from this general economic analysis of the relations of exploitation.

Before answering this question, we want to sum up briefly those aspects of the class relationship which are essential to the class-struggle and which determine its concrete forms in the capitalist factory. (Compare the pages of this booklet given in brackets).

The boundless expansion of capital ($M-C-M'$) takes place on the basis of the formally equal exchange of equivalents between the owners of money and the owners of labour-power (p.17/18), the value of which is not fixed but historically very flexible and changeable. (p.18/19). From the exchange of equivalents no general determination of the length of the working day or of surplus-labour-time can be concluded. Right stands against right, and only violent class-struggle decides on the limits of the working day (p.27 to 28). The production of relative surplus-value leads to a continuous fall of the value of labour-power (p.29/30) and to a corresponding increase in the rate of surplus-value, so that the situation of the working-class gets relatively worse (p. 67 to 68). Capitalistic division of labour and the use of machinery—the methods for the production of relative surplus-value—cause the splitting of the working-class into manual and intellectual workers and into a large number of detail workers, with corresponding differences in the amount of their wages. (pp. 33/35; 37/38; 62 to 65). The capitalistic application of machinery leads to

constant intensification of labour, the ruinous effect of which on the labour-power can only be limited by violent resistance. (p.40-42). The continual reproduction of the process of expanding the value of capital transforms all capital into capitalized surplus-value, i.e., into wealth which the working-class created and the capitalist class appropriated gratuitously, and it reproduces at the same time the worker as the owner of nothing but labour-power. (p. 47/48). Finally, accumulation leads to a continual rise in the organic composition of capital, i.e., to the formation of a constantly growing reserve army and to an increased insecurity of the worker's existence (p.50-55). The existence of the reserve army brings about the complete powerlessness of the individual worker in regard to the sale or non-sale of his labour-power, so that the free and equal work-contract with the capitalist becomes a mere legal fiction (p.76). Finally a look at the early history of capitalism shows what historically precedes the system of the exchange of equivalents between capital and labour and what is its basis, namely the violent separation of the mass of producers from their means of production. (p. 59/60).

1. Workers' Associations and Competition Among the Workers

Marx has always shown that the individual workers is helplessly at the mercy of capital. Only the collective resistance of many workers gives them a chance to enforce their interests effectively and to defend and extend any successes achieved. Workers' associations and trade-unions are the immediate result of economic struggles of individual or loosely united workers. Marx talks of the movement of the working class grown instinctively out of the conditions of production themselves". (Capital, Vol.I, p.301).

"With the development of industry the proletariat not only increases in number; it becomes concentrated in greater masses, its strength grows, and it feels that strength more . . . the collisions between individual workers and individual bourgeois take more and more the character of collisions between two classes. Thereupon the workers begin to form combinations against the bourgeois; they club together in order to keep up the rate of wages; . . . Here and there the contest breaks out into riots. Now and then the workers are victorious, but only a time. *The real fruit of their battles lies, not in the immediate result, but in the ever-expanding union of the workers.* This union is helped on by the improved means of communication that are created by modern industry and that place the workers of different localities in contact with one another. It was just this contact that was needed to centralise the numerous local struggles, all of the same character, into one national struggle between classes." (Communist Manifesto, p.43, in Marx/Engels, Selected Works in one volume, ed. Lawrence and Wishart London 1968) (emphasis added).

The importance of associations lies mainly in overcoming the competition of workers with each other. "Capital is concentrated social power, while the worker only owns his labour-power . . . The only social power of the workers is their number. The power of the number is however

broken by disagreements. The disharmony of the workers is created and maintained by their inevitable competition among each other. Trade Unions originally came to existence by the spontaneous attempts of the labourers to abolish this competition or at least limit it in order to enforce conditions for their work-contract which would elevate them at least above the position of mere slaves." (translated from Marx-Engels-Werke, Vol. 16, p.196).

The existence of trade unions to some extent abolishes competition among the workers. The association of workers is based on their insight that individuals cannot achieve anything in the struggle against the capitalists. Therefore the workers try to overcome the differences that exist between them, and to lead the collective struggle against capital in solidarity. Nevertheless competition among the workers remains the main cause for the continuous setbacks in their struggle, so that they always have to try again and unify. This competition is rooted in the fact that in capitalism the worker is also forced to behave as a private owner of commodities. While trying to sell his labour-power on the most favourable conditions possible, he has to compete with other workers for the available jobs. The wide scale of wages which is mainly based on the different costs for training the labour-power, adds to the differences among the working class, caused by competition. The movement of accumulation of capital intensifies the split of the proletariat up to the opposition between active workers and the reserve army. It is the task of trade unions to abolish this opposition as far as possible!!

2. The Defensive Tasks of Trade-Unions.

From the analysis of capitalist production, Marx deduces two main tasks that have to be fulfilled by trade-unions which play the role of a means of defence against the constant attacks of capital: the fight for the reduction of the working-day and the fight for higher wages.

a) Fight for a Shorter Working Day

In order to prevent a premature destruction of the use-value of labour-power, the working class has to organize in unions and to fight against the boundless extension of the working-day. This struggle for the limits of the working-day—a struggle in which right stands against right, and only power decides—is essentially aimed at the legal regulation of the normal working-day. Marx writes: "As to the limitation of the working day in England, as in all other countries, it has never been settled except by legislative interference. Without the working men's continuous pressure from outside that interference would never have taken place. But at all events, the result was not to be attained by private settlement between the working men and the capitalists. This very *necessity of general political action* affords the proof that in its merely economic action capital is the stronger side." (Wages, Price and Profit, p.226).

The state legislation which intervenes in the private economic relations between workers and capitalists, is only seemingly independent of the economic struggles of the two classes. The bourgeois state is in fact the

political agency that represents the interests of capital, and only takes measures against the capitalist class, if it is forced by political actions of the organized working class. Such a political action is and was the trade-union struggle for the legal regulation of the working day.

b) Trade-Union Struggle for Higher Wages

The struggle for higher wages is a struggle over the workers' share of the newly created social wealth. This struggle must be led through trade-unions contrarily in order to counteract the splitting of the working class through large differences in wages in different firms. The demand for higher wages is at the same time the demand to limit surplus-value. "The maximum of profit is, therefore, limited by the physical minimum of wages and the physical maximum of the working day. It is evident that between the two limits of this maximum rate of profit an immense scale of variations is possible. The fixation of its actual degree is only settled by the continuous struggle between capital and labour, the capitalist constantly tending to reduce wages to their physical minimum, and to extend the working day to its physical maximum, while the working man constantly presses in the opposite direction. The matter resolves itself into a *question of the respective powers of the combatants*." (Wages, Price and Profit, p. 226).

Here the workers find themselves on the defensive. Firstly they have to live from hand to mouth and are forced to sell their labour-power also on conditions which do not meet their demands. Secondly the capitalists keep trying to bring the wages down below the value of labour-power.

Marx has shown that increasing productivity results in constant falls of the value of labour-power. The cost of reproducing labour-power decreases. It is evident that the capitalists use this situation for further reduction of wages, and want to reduce them more than would correspond to the respective increase in productivity. Leaving out of account these violations of the law of the exchange of equivalents, the result of Marx's analysis is in a more comprehensive sense that the wages-struggle of the workers is a defensive struggle. The resistance of the working class against the reduction of nominal wages might be able to reach higher real wages, but the workers cannot prevent their relative share of the social wealth decreasing more and more in the long run (compare p. 67/68).

For rises in productivity only take place when they increase the degree of exploitation of labour-power and thus relatively reduce the workers' share of the social wealth. "Thus the abyss between the labourer's position and that of the capitalist would keep widening." (Capital, Vol.I, p. 523).

Marx concludes that there are two aspects which characterise the wage-struggle of trade-unions as a defensive struggle. Firstly the struggle for higher wages does not attack the capital-labour relationship itself. *This struggle does not challenge the social relationship of wage-labourers and capitalists, and in so far it is not revolutionary.* Secondly there are narrow limits to the mere increase in wages, set by the accumulation of capital. The continuous relative decrease of the workers' share of the new created

social wealth cannot be prevented: "Such an increase (of wages) only means at best a quantitative diminution of the unpaid labour that the worker has to supply. This diminution can never reach the point at which it would threaten the system itself." (Capital, Vol.I, p.619).

3. The Twofold Function of Trade-Unions

At the end of his speech on "Wages, Price and Profit", Marx sums up the problem of trade-union struggle in the following way: "These few hints will suffice to show that the very development of modern industry must progressively turn the scale in favour of the capitalist against the working man, and that consequently, the general tendency of capitalistic production is not to raise, but to sink the average standard of wages, or to push the value of labour more or less to its minimum limit. Such being the tendency of things in this system, is this saying that the working class ought to renounce their resistance against the encroachments of capital, and abandon their attempts at making the best of the occasional chances for their temporary improvement? If they did, they would be degraded to one level mass of broken wretches past salvation. I think I have shown that their struggles for the standard of wages are incident inseparable from the whole wages system, that in 99 cases out of 100 their efforts at raising wages are only efforts at maintaining the given value of labour, and that the necessity of debating their price with the capitalist is inherent in their condition of having to sell themselves as commodities. By cowardly giving way in their everyday conflict with capital, they would certainly disqualify themselves for the initiating of any larger movement. At the same time, and quite apart from the general servitude involved in the wage system, the working class ought not to exaggerate to themselves the ultimate working of these everyday struggles. "They ought not to forget that they are fighting with effects, but not with the causes of those effects; that they are retarding the downward movement, but not changing its direction; that they are applying palliatives, not curing the malady. They ought, therefore, not to be exclusively absorbed in these unavoidable guerilla fights incessantly springing up from the never-ceasing encroachments of capital or changes of the market. They ought to understand that, with all the miseries it imposes upon them, the present system simultaneously engenders the material conditions and the social forms necessary for an economical reconstruction of society. Instead of the conservative motto, "A fair day's wage for a fair day's work!" they ought to inscribe on their banner the revolutionary watchword, "Abolition of the wages system! . . . Trade Unions work well as centres of resistance against the encroachments of capital. They fail partially from an injudicious use of their power. They fail generally from limiting themselves to guerilla war against the effects of the existing system., instead of simultaneously trying to change it, instead of using their organised forces as a lever for the final emancipation of the working class, that is to say, the ultimate abolition of the wages system." (Wages, Price and Profit, pp.228/229).

Trade Unions first originate as necessary defensive instruments in the struggle of the working class against the attacks of capital. But during

this defensive struggle the workers who are organised in trade-unions, have to learn that the *cause* of these constant struggles can only be abolished by a comprehensive *offensive* movement. To learn this means to learn the revolutionary theory of Marx's critique of political economy. The trade-unions have to lead an offensive struggle against the capitalist relations of exploitation, as the contradiction between capital and labour intensify. This is the only way, in which they can fulfill their function as a political organisation of the working class. And only like that does the defensive struggle lose its character of a sisyphus-like labour and becomes the field of practical education and exercise for the final liberation of the working class.

4. Trade-Unions Today

The modern trade-unions, however, are no organisations of revolutionary anti-capitalist struggle. They are restricted to defend the workers' interest for higher wages within the framework of capitalist society. Often the way in which this struggle is led, prevents the working class being educated and becoming self-conscious during the struggle. This is the case, when the workers do not take part in the struggle actively, while the trade-union-bureaucrats negotiate with the employer behind closed doors, and confront the workers with a fait accompli, often selling them down the river. This passive role of the workers in defending their own interests leads to the fact that the struggle for higher wages is no longer a school for revolutionary class struggle, but only a peaceful negotiation, the results of which are correspondingly poor. The trade-unions are not a meeting-place for resistance against the atrocities of capital and do not use the organised force as a lever for the overthrow of the capitalist mode of production.

Nevertheless the demand to smash these trade-unions does not help the working class either. Even the most integrated of trade-unions are forced again and again by Capital's reckless interest in expansion and exploitation to defend the interests of the workers and to act against wages falls, rising numbers of accidents, arbitrary dismissals, constant increase in the intensity of labour etc. It becomes obvious that even the most highly bureaucratized of trade-unions achieve something in the everyday struggle, when you look at the situation of the proletariat in underdeveloped countries, where trade-union organisations are mostly forbidden or strongly restricted in their work.

5. The Organised Struggle Against the Rising Intensity of Labour

With the development of capitalist industry the workers are forced to lead the struggle against capital more and more independently, whereby they are given the opportunity to revolutionise the bureaucratic forms of the traditional trade-union-apparatus by pressure from the shop-floor. Trade-union struggle is essentially a struggle for higher wages, for a higher value of labour-power. The value of the labour-power can only be realised, however, when its use-value keeps its normal quality. This normal quality is constantly threatened by the boundless expansion of capital. Though the boundless extension of the working-day is prevented

by legal regulations, the methods of increasing exploitation by constant intensification of labour take its place in the modern factory. While, however, the extension of the working-day could be fought successfully by a general trade-union-campaign for the legal limitation of working-hours, the trade-union-campaign for the legal limitation of working-hours, the trade-unions mostly face the constantly increasing intensity of labour powerlessly. There is no uniform standard whatsoever for the normal degree of intensity of labour, for it cannot be generally fixed, how many machines a worker has to operate or to control at the same time, and how fast the machines should run. Therefore the struggle of the workers against rising intensity of labour cannot be led successfully on trade-union level.

The staff of every single firm face different technical conditions of intensity of labour, and have to adjust their demands and actions to these special conditions. The fight against this method of exploitation can only be led when the staff of individual firms organise in action committees. Trade-unions could only take indirect action against the rising intensity of labour, by enforcing the shortening of the working-day. But this would again enable capital to further intensify the remaining hours of work. Marx writes in this context: "There cannot be the slightest doubt that the tendency that urges capital, so soon as a prolongation of the hours of labour is one for all forbidden, to compensate itself, by a systematic heightening of the intensity of labour, and to convert every improvement in machinery into a more perfect means of exhausting the workman, must soon lead to a state of things in which a reduction of the hours of work will again be inevitable." (Capital, Vol.I, p.417).

The reduction of the working-day would therefore not reduce the intensity of labour by any means, but on the contrary would encourage the capitalists to increase the intensity of labour, because it is just this shortened working-day which enables the workers to endure a faster speed of work physically and psychologically. Quite clearly a trade-union campaign for a further reduction of the working-day (which is really necessary) can only be led successfully, if it is supported by simultaneous actions in the firm against a further increase in the intensity of labour. The workers have to fight for the right to determine their own speed of work and to regulate their own norms of production, so that capital cannot compensate for a shortening of the working-day by increasing the intensity of labour.

6. The Offensive Struggle of the Working Class

The struggle for higher wages, for a shorter working-day and against the intensity of labour are all defensive struggles whatever their organisational form. They have the function of necessary steps on the way to the ultimate emancipation of the working class only if they practically educate and lead to the insight into the necessity of an offensive struggle and thus becomes—part of this offensive struggle themselves.

But how and in which forms will this revolutionary offensive of the working class take place? Many people keep on stating that trade-union struggle and struggle inside the factory were mere economic struggles, and only the struggle against the bourgeois state apparatus would be really

revolutionary and political. But what means "economic" and "political"? Are "mere economic" struggles non-political; have political conflicts between wage-labour and capital?

Marx wrote in 1871: "The political movement of the working class has, of course, the final purpose of conquering political power for themselves. Therefore an organisation of the working class which exists beforehand and is developed to a certain extent, is necessary; an organisation which grows from the economic struggles themselves. On the other hand, every movement in which the working class as a class confronts the ruling class and tries to force them by pressure from the outside, is a political movement. For example, the attempt to enforce (by strikes, etc.) a limitation of the labour-time in one individual factory or in one branch of industry is a purely economical movement; whereas the movement to enforce a law on the 8-hour day etc. is a political movement. In this way, everywhere political movements grow from separated economical movements of the workers; political movements which are movements of the whole class to enforce their interests in a general form, in a form which possesses general social force. While these movements demand a certain organisation existing beforehand, they are themselves also a means for the development of this organisation In places where the working class is not sufficiently advanced in its organisation in order to lead a decisive attack against the collective power, i.e., the political power of the ruling classes, they have to be educated by continuous agitation against (and a hostile attitude to) the politics of the ruling classes." (translated from Marx-Engels-Werke, Vol. 33, p.332).

Marx clearly expresses his opinion about the relation of economy and politics. The contradiction between capital and labour first appears in a concrete form in every single firm, in the everyday conflicts between the individual capitalist and the workers. The economical struggle obtains a political character (without losing its economic nature) in the moment when it is generalised. If the struggle of the workers is no longer directed against the individual capitalist but against the entire class of capitalists (struggle for the legal limitation of the working-day, etc.), it becomes a political struggle. The political movement of the working class grows out of the economic struggle. The immediate conflict between wage-labour, and capital forms the basis, on which political organisations of the proletariat develop.

7. The Tendency of the Historical Development of the Capitalist Mode of Production

Whether or not the struggle of the working class for the abolition of the capitalist mode of production will be successful, depends not only on the will and consciousness of the revolutionary working class. The direction of historical development of capitalism itself contains tendencies that urge towards the end of the capitalist mode of production. The process of capitalist production and accumulation leads necessarily to a constant increase in the productivity of labour which has the following consequences:

1. With the constant development of the productive forces of labour, the socialisation of the labour-process grows to the same degree. The separate labour-process of many producers who are isolated from one another, changes more and more into the collective labour-process of large numbers of workers. This tendency appears clearly in the mechanical mode of production which is created by capital. "Machinery operates only by means of associated labour, or labour in common. Hence the co-operative character of the labour-process is, a technical necessity dictated by the instrument of labour itself." (Capital, Vol.I, p.386). Thus, the working class is concentrated and unified by the interest of expansion of capital itself.

2. At the same time, the development of the productive forces of labour leads to a constant rise in the organic composition of capital, i.e., to a relative fall in the size of variable capital within society as a whole. Hence, on the one hand, the self-expansion of capital becomes more and more difficult, and on the other the insecurity of the existence of the working class grows more and more (industrial reserve army). The working class is forced by the movement of expansion of capital itself to fight against the causes of this insecurity of their lives.

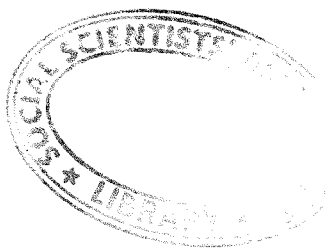
3. Thirdly the development of the productive forces of labour leads to the constant growth of big capitals at the cost of the small ones, i.e., to a growing centralisation of capital, whereby ever larger parts of the population are made into wage-labourers. The number of those who find themselves in hostile opposition to the expansion of capital, constantly grows.

At the end of the first volume of CAPITAL Marx sums up the entire process of the historical development of capitalism—starting from the so-called primitive accumulation up to the proletarian revolution—and he describes it as one single large process of expropriation: "Self-earned private property, that is based, so to say, on the fusing together of the isolated, independent, labouring-individual with the conditions of his labour, is supplanted by capitalistic private property, which rests on exploitation of the nominally free labour of others, i.e., on wages-labour. As soon as this process of transformation has sufficiently decomposed the old society from top to bottom, as soon as the labourers are turned into proletarians, their means of labour into capital, as soon as the capitalist mode of production stands on its own feet, then the further socialisation of labour and further transformation of the land and other means of production into socially exploited and, therefore, common means of production, as well as the further expropriation of private proprietors, takes a new form. That which is now to be expropriated is no longer the labourer working for himself, but the capitalist exploiting many labourers. This expropriation is accomplished by the action of the immanent laws of capitalistic production itself, by the centralisation of capital. One capitalist always kills many. Hand in hand with this centralization, of this expropriation of many capitalists by few, develop, on an every-extending scale, the co-operative form of the labour-process, the conscious technical application of science, the methodical cultivation of the soil, the transformation of the instruments of labour into instruments

of labour only usable in common, the economising of all means of production by their use as the means of production of combined socialised labour, the entanglement of all peoples in the net of the world-market, and with this, the international character of the capitalistic regime. Along with the constantly diminishing number of the magnates of capital, who usurp and monopolise all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation. But with this too grows the revolt of the working class, a class always increasing in numbers, and disciplined, united, organised by the very mechanism of the process of capitalist production itself. The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it. Centralisation of the means of production and socialisation of labour at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated" (Capital, Vol. I, pp.762/63).

The movement of self-expansion of capital necessarily leads to the development of the social productive force of labour, which creates the material wealth and the subjective forces that are the precondition for socialism. Thus capital prepares its own downfall. Marx writes: "The development of the productive forces of social labour is the historical task and justification for capital. Thereby it creates unconsciously the material pre-conditions for a higher form of production." (translated from Marx-Engels-Werke, Vol. 25, p.269).

But capital only creates the *pre-conditions* for the transition to socialism. The *realisation* of this form of production has to be fought for violently by the working class.



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